

A Work Project, presented as part of the requirements for the Award of a Master Degree in
Management from NOVA – School of Business and Economics

STRATEGY DEFINITION OF A NEW BUSINESS OPPORTUNITY IN MOBILE-CASUAL GAMING

Partnership between Nmusic and Rovio Entertainment Ltd.

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A Project carried out on the Field Lab in Entrepreneurial and Innovative Ventures, under

the supervision of:

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6th of January 2013

A. Executive Summary

The music and mobile gaming industries are fast growing industries, where innovation plays a key role. These industries are driven by technology innovation and grew with the increase of the consumption of mobile devices. Taking advantage from this fact, Nmusic¹ with a partnership with Rovio Entertainment² decided to offer the global market a groundbreaking mobile casual game that revolves around music. Thus, this product will revolutionize both industries and will develop a link between them.

The aim is to launch this product as soon as possible to take advantage of the first mover advantage, a key advantage in the mobile game industry. Hence, the main purpose of this Work Project was to discuss and propose the Strategy and Business Model, containing the main strategies that should be followed. Moreover, the analysis of the Porter Five Forces, the Marketing Mix and the Implementation Plan were defined. Finally, a risk analysis was performed and a contingency plan was designed to mitigate the risk and assure the success of the product in the market.

Key Words: mobile games, digital music, Business Model, Implementation Plan

B. Scope of the Work Project

This Work Project is one of the key parts of a business proposal for a new opportunity that, due to its dimension and complexity, was divided into three major areas: Market Analysis, Product Design and Development and Strategy and Business Modeling. Each of these areas will be studied by three students, including myself. This business opportunity arose from a partnership between Nmusic and Rovio Entertainment, consisting on the development of a new mobile app that will inset a music player into the worldwide successful mobile-casual game Angry Birds. Accordingly, this Work project will design and

¹ Nmusic is a Portuguese Start-up, creator of music box

² Rovio Entertainment is a Finish game developer company responsible for the development of Angry Birds

discuss the Strategy and Business Model that should be followed, taking into account the conclusions of my colleagues Work Project³.

Thus, the aim of this project is to define the strategy and the business model to be followed in implementing the new product that will result from the partnership between Nmusic and Rovio. In order to achieve this goal I will answer the following research questions: *What strategy and business model should be implemented to the new product? How to introduce it in the market? How will the product create value for both the consumer and the companies?*

C. Methodology

This work project will discuss and define the strategy for the product by firstly understanding the history, as well as the current strategy of Nmusic and Rovio in order to combine them in the new product's strategy. Secondly, a business model should be analyzed and discussed according to the Canvas methodology. Thirdly, the competitive strategy will be defined by recurring to tools and methodologies such as the Porter Five Forces, the SWOT/TOWS and the Marketing Mix analysis. Finally, as a result of the strategic and tactic approaches, an implementation plan will be developed, describing the main phases and key milestones that should be monitored and managed to introduce the new product in the market.

Throughout the work project, a literature review will be done at the beginning of each section. Furthermore, the information will be collected from literature (market studies, articles, case studies and books), a survey⁴, which will gather the opinions of the target audience, and regular meetings with Nmusic. Additionally, Rovio Entertainment will also provide data and qualitative inputs for this project, having Nmusic as an intermediary.

³The Market Analysis will be performed by my colleague Ana Filipa Conduto, and the Product concept will be designed and developed by Mariana Santos.

⁴Refer appendix 1 for the main conclusion and results of the survey

D. Business Opportunity

This business opportunity arose from three main reasons. Firstly, the online industry is constantly evolving, creating a need for innovation and change, especially in the mobile-casual gaming industry, providing a contextual opportunity. Secondly, Nmusic has an entrepreneur culture, aiming to expand its business through diversification and product development. Finally, Rovio also seeks diversification and game innovation, aligned with the success of Angry Birds. Considering these Nmusic saw the opportunity to develop a groundbreaking product that would combine Rovio's game with a music player. Therefore, this business opportunity will follow a Blue Ocean Strategy⁵, because the new product is completely new in the market and will change the boundaries of the industry. Moreover, it will change the drivers of mobile gaming by adding a new feature to them, music.

E. Company Overview⁶

Nmusic

Nmusic was founded in 2010, by Celestino Alves, as part of Diligence Capital SGPS Group, which is the most important shareholder. Its purpose was to develop an innovative solution for digital content distribution that could please consumers, music entities and partners. As a result, in 2010, with PT⁷ as a partner, musicbox was launched, which is streaming music player that contains millions of songs available to the consumer in several mobile devices.

Currently, the company works with a B2B2C⁸ model, consequence of its partnership with PT, in other words Nmusic provides musicbox to its client (PT), which sells it to the consumers. Furthermore, Nmusic wants to diversify its business by developing new innovative projects, establishing new partners to acquire new capabilities and knowledge, while expanding to new markets.

⁵ The concept of Blue Ocean was introduced by W.Chan Kim and Renée Maugborgne in 2004. It states that Blue Oceans are the industries that do not exist today, meaning the industries that will occupy unexplored space in the market. Thus, Blue Ocean are linked to Value Innovation, as they must create value to the consumers and to the company.

⁶ Refer appendices 2 and 3 for further information about Nmusic and Rovio

⁷ Portugal Telecom – Portuguese Telecommunications Company

⁸ Business to Business to Consumer

Rovio Entertainment Ltd.

Rovio is a Finnish company founded in 2003 by three students from Helsinki University of Technology, Kim Dikert, Jarmo Väkeväinen, Niklas Hed, under the name Relude. The company is known by its worldwide successful mobile-casual game, Angry Birds.

Currently, Rovio is an entertainment media company⁹ that has a diversified portfolio of products, in different business areas, including books, merchandizing, soft drinks, online and physical stores and animation, which are under the brand Angry Birds. Furthermore, Rovio follows a fans first approach, in other words, it develops its products and diversifies its portfolio according to the expectation and needs of its fans with the goal of delighting and surprising them.

Partnership between Nmusic and Rovio

The partnership between the two companies will pose both major opportunities and challenges that must be managed and developed in the Business Model definition. On the one hand, this partnership will allow sharing of know-how, expertise and best practices, resulting in an innovative Business Model that will join the best features of Nmusic's and Rovio's Business Models. Therefore, the partnership will minimize risk and lead to cost effectiveness. Also, it will be crucial to increase the companies' sales, especially for Nmusic. Finally, it will lead to a related business diversification, benefiting Rovio by improving its expertise in the Media Entertainment industry and linking all its lines of products.

On the other hand, there are some challenges that must be overcome, especially due to the differences of the organizational culture of both companies. These differences lead to different work methods and interpretations of what should be done. Furthermore, the companies will also find challenges defining the Business Model and understanding how to link music and mobile games. Thus, there are some research questions that should guide the development of the whole strategy definition: *How to mitigate the*

⁹The company changed its original strategy of being a mobile development company to being an entertainment media company- Rovio intends to further develop in the entertainment industry and has plans to become the next Disney, by investing in animated movies and constructing a themed park.

different cultures? The business model will be driven by technology or media/entertainment? The final strategy should be focused on the product features or on the distribution and communication channels?

F. Business Model

An analysis of the Business Model following the Canvas framework¹⁰ will be performed to achieve a better understanding of the capabilities of the partnership between Rovio and Nmusic and of how to extract value from this business opportunity. This framework¹¹ was chosen because it allows a focus on the crucial areas that need to be discussed to introduce a new innovative product in the market.

Customer Segments

The new product will target the global mass market because it will be in the casual game sector and will be launched in the global market. Thus, the product is aimed to everybody who uses smart phones, tablets or computer and enjoys playing games while listening to music, independently of their age, gender, income or nationality.

Nonetheless, there can be made a division into two groups according to the level of game involvement, in other words, according to the how committed a consumer is to the game and how often he/she plays the game. Therefore, we should divide the consumers between light users and heavy users, which will have an impact in the value proposition, as well as, in the revenue streams.

On one hand, light users are the consumers that are not committed to the game and spend a few daily hours playing the game, usually on public transports. These consumers are very important to increase the awareness of the game and will provide key comments on how to improve the game through social networking but in term of revenue are unimportant since they prefer the free versions of the games, are not willing to pay a high price for the app and do not buy extras while playing the game. On the other hand, the heavy users are committed to the game and value the existence of difficult levels that allow

¹⁰ Osterwalder, Alexander. Pigneur, Yves. 2009. *Business Model Generation*

¹¹ Though Canvas Framework Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships and Cost Structure will be analyzed.

them to spend several hours playing the game in order to progress on it. These consumers are very valuable because they will be responsible for higher revenue streams¹².

Value Proposition

According to the characteristics of the new product the main elements that create value are newness, since it is a product that does not exist in the market, creating a need consumers did not foresee and convenience/usability because joining games and music is more convenient and saves time to the consumer. Hence, for both customer segments the new product will provide an innovative game that includes the possibility to choose the music, which will increase the enjoyment of playing casual games. Furthermore, the game offers a freedom of choice of platforms, since it will be available in several, as well as, allows communication between consumers, as it will be linked with social networks, especially Facebook. Finally, the game will be affordable and offer flexible pricing options, since it will include prizes (new songs in the offline mode) when the consumer as passes the levels and will allow the consumer to choose which package is better to his/her needs.

Nevertheless, for the heavy users segment the product will add an extra value through the extras offered, which will include power-up that help pass the difficult levels and packages of songs. Moreover, for this segment the value will increase with the number of levels that the game has, as well as, its difficulty, so the game should provide a wide range of levels that continuously increase in difficulty.

Channels

The channels describe the way the company communicates its value proposition to its consumers. In order to achieve a successful communication Nmusic and Rovio must use different channels in each of the different stages: Awareness, Evaluation, Purchase, Delivery and After Sale.

¹²This is because they will be willing to pay a monthly fee, acquire in-app purchases and pay for other extras, such as not having advertising during the game.

The Awareness stage is extremely important to show the consumers the value proposition of the new product. Thus, there should be an early teasing through promotional movies and magazine articles, which will show the game before it is released, creating an expectation that will lead to trial and purchase. Also, it is vital to take advantage of Rovio's internal channels of communication, either through cross promotion in the current game, or through Angry Birds's Facebook page, Twitter, YouTube channel and Rovio news. Furthermore, a new Facebook page should be created so that consumers have direct access to information about the new game, to all the trailers of the new game and a space where they can comment and give their opinion on the game.

In the Evaluation stage is essential to provide a free trial to the consumers, so that they can understand the advantages of the new game. The free trial will be a sample of the first levels of the game with access to a limited number of songs, which will make the consumer want to play more, leading to the purchase of the full version of the game.

Since the new product is a game that will be sold as an app, the most important channel in the Purchase stage are the App Stores, which will be the main distributor of the game. There are several App Stores¹³ around the world, both local and international. Furthermore, in this stage Facebook will also be an important distributor, as the game will be included in its app center, even though the revenue process will be different. This difference arises from the fact that in Facebook all games are played free of charge for the consumer, thus the revenues will only be done through in-app purchases. Although this decreases the revenue from each consumer, this platform provides a higher visibility and, therefore is very valuable.

The Delivery stage is provided by the new game itself and its unique features, since it will deliver the value proposition to the consumer. In other words, the consumers will have access, through the new game, to a set of features that will be valuable to them.

¹³The most important are Android Marketplace, Apple App Store, BlackBerry App World, Nokia Ovi Store, Windows Phone Marketplace and Google Play.

Finally, the After Sales stage will be achieved by two different channels. On the one hand, the customer will have direct communication with Rovio and Nmusic through Rovio's website, by filling a form, where the consumer can express his/hers difficulties, complaints and suggestions. Moreover, Rovio's website will also have a section that explains the game and has the answers for the FAQs¹⁴. On the other hand, the customer may contact the companies through Rovio's social networks, which are Angry Birds' Facebook and Twitter pages, the blog Angry Birds Nest¹⁵ and the new game's Facebook page. Thus, in these channels the support after sales will be mostly done by the consumers, who will help each other overcome the problems.

Customer Relationships

There will be an automated service relationship between the customers and the companies. In other words, the new game will provide personalized suggestions of power-ups and songs to its consumers but there will only be direct contact with Nmusic or Rovio for problem solving¹⁶. Thus, the game will be designed to automatically associate the consumer's tastes and make suggestions according to them.

Nonetheless, assuring loyalty and managing the customer relationships are extremely important. This will be done through social networking¹⁷ allowing the customer to provide feedback, suggestions and complaints, as well as, through constantly improving the game and music content according to the customers' suggestions. Additionally, the companies can take advantage from the existent loyalty to the band Angry Birds.

Revenue Streams

The revenue streams are, not only essential to the success of this project, but also a major challenge that had to be overcome. In other words, a new revenue model should be designed, so that it is possible to

¹⁴frequently asked questions

¹⁵www.angrybirdsnest.com

¹⁶As explained in the section Channel - After Sales stage

¹⁷Through Facebook, Twitter and Angry Birds Nest as explained in the section Channel - After Sales stage

achieve profit, which is has proven to be a challenge to most companies in the mobile gaming industry.

Therefore, there are several options that can be considered in order to achieve this goal:

Firstly, the current model that Nmusic follows in musicbox can be used. The revenue stream of musicbox is achieved through a monthly fee charged to the consumer. However, even though this model would generate high and steady revenue streams, the final product will be a mobile game so it can be difficult to implement because consumers are not willing to pay a monthly fee for mobile games. Thus, this revenue model can only be implemented if the consumers understand the added value of the possibility of having a music player in the game.

Secondly, Rovio's revenue model can also be a good choice, especially because the company is already successful in the mobile gaming industry. The company follows a revenue model that consists in offering an initial free trial with a few levels, leading to the purchase of the paid app for the full game. Additionally, there are in-app purchases available to the consumers, consisting in extras/power-ups that enhance the game. Moreover Rovio's games are available on Facebook and Google Chrome, which have different revenue streams¹⁸, based in in-app purchases.

Thirdly, a revenue stream can come from advertisement, preferably of music. This can be a source of revenue as artists and band will pay to have their albums advertised, or it can also reduce the content costs since the record labels will require less level of payment if certain albums are advertised.

Fourthly, the companies could organize live competitions of the new game, charging a fee to the participants. Although this may not be the main source of revenue of the game, especially because it requires that the game is already established in the market, it will be a good method to attain more revenue though the game.

Finally, merchandising can also be a good source of income for this project and allows taking advantage of the expertise that Rovio already has in the industry. Therefore, this may became one of the main

¹⁸While on Facebook there are only in-app purchases, on Google Chrome the revenue arises from in-app purchases and paying to not having advertisement of other Rovio's products and games.

revenue streams after the game is known and recognized, since joining Angry Birds, an already well known bird, with famous music figures, such as a Madonna Angry Birds, would be extremely attractive to the consumers.

In conclusion, the revenue streams of this project will be a mix of the five discussed before, which should be divided into two separate groups: the revenue from the game and the extra game revenue. On one hand the game revenue will follow Rovio's revenue model, with a paid app that gives access to a limited number of songs and paid power-ups and packages of fifty songs. However the game will also have a premium subscription with a monthly fee that provides a larger number of songs available online and offline. Moreover, advertisement will be used to reduce cost with music content. On the other hand, the extra game revenue includes live competitions worldwide and merchandizing, which will be done in a second phase after the game achieves a high success in the market.

Key Resources

To identify the key resources needed to undertake this project, these should be divided into four different categories: Physical, Intellectual, Human and Financial. Firstly, the Physical resource consist in the system needed to develop the game and to assure that it works. Thus, this is a resource that both Nmusic and Rovio already possess and understand how to take advantage of it.

Secondly, the Intellectual resources are the brand Angry Birds and the partnership between the Nmusic and Rovio. On the one hand, the brand Angry Birds will provide reliance from the consumers in the new game, which will facilitate the entrance in the market. On the other hand, the partnership between the two companies is crucial to the successful development of the game because the expertise of both is need. Furthermore, a key resource that must be developed in this project is the capability and the technology access of connecting game with music. In other words, Rovio and Nmusic must understand how music is connected with mobile games, as well as, learn to link both features to achieve a final product that is harmonious and attractive to consumers.

Thirdly, the Human resource is the knowhow in games and music from Human Resources of Rovio and Nmusic. Thus, as already mentioned, the expertise, knowledge and experience from the employees of both companies are crucial to create and develop the new product. Finally, developing a new game that includes music will require high initial investment, so the Financial resources are extremely important¹⁹.

Competitive Advantage of Resources – VRIO Framework

In order to assess the competitive implications of the key resources, a VRIO analysis was performed. Through this analysis it was concluded that all the resources previously described are a source of competitive advantage, although not all possess a sustainable advantage.

First, the Partnership between Rovio and Nmusic is a source of sustainable competitive advantage because it is a unique partnership that provides the needed knowhow to develop the new

Resource /Capabilities	V	R	I	O	Competitive Implications
Partnership between Rovio and Nmusic	✓	✓	✓	✓	Sustainable Competitive Advantage
Angry Birds Brand	✓	✓	✓	✓	Sustainable Competitive Advantage
Rovio’s expertise in casual games	✓	✓	✗	✓	Temporary Competitive Advantage
Nmusic’s know how in music	✓	✓	✗	✓	Temporary Competitive Advantage
Ability to link mobile games with music	✓	✓	✗	✓	Temporary Competitive Advantage

Figure 1 – VRIO Analysis

product. Moreover, it will allow both companies to profit from the partnership through the added value of the new product. Second, the Angry Birds Brand is also a sustainable competitive advantage, since it is rare and difficult to imitate and allows an early adoption from consumers.

Finally, Nmusic’s and Rovio’s expertise, as well as, their capability to link mobile game with music are temporary competitive advantages, for the reason that although these resources are valuable, rare and allow the companies to use it to their advantage, they can be imitated since knowledge can be acquired.

¹⁹These resources will be achieved through investors that will provide the necessary capital, as it will be explained in the Partnerships section

Key Activities

Due to the characteristics of the new product, which is included in the mobile gaming industry, the activities in this business model are in the category of platform/network.²⁰

Value Chain Analysis²¹

According to the Value Chain there are two main types of activities, the primary activities (key activities) and the secondary activities (support activities). These activities will be a mix of the current Value Chains of Nmusic²² and the mobile game industry²³, which have several activities in common.

Hence, the primary activities in this project will be Marketing and Sales, Customer Service, R&D, Negotiation and Contract Management (for music and mobile platforms), Content Management and Game Development and Design. Even though all these activities are directly linked and contribute to the final product, the most important activities are Negotiation and Contract Management, Content Management and Game Development and Design.

The secondary activities will be Human Resources Management, Financial Management and Technological Infrastructure, since these are the activities that, although are not directly linked to the final product, are necessary to achieve it.

Key Partnerships

This project has three main types of partnerships, Nmusic's and Rovio's Collaborative Arrangement, suppliers and investors. Firstly, this business opportunity arises from a partnership between Nmusic and Rovio to develop a new product that combines music and mobile games, which are the core strengths of the companies. In other words, this partnership will provide the necessary knowledge and infrastructures to the development and distribution of the new product, which is not possible to be done just by one of the companies. Accordingly, this Collaborative Arrangement will be a Strategic Alliance because its purpose

²⁰To have a better understanding of the key activities a Value Chain Analysis for the partnership was performed.

²¹Refer appendix 6 for the image representation of the Project's Value Chain

²²Refer appendix 4 for the image representation of the Nmusic's Value Chain

²³Refer appendix 5 for the image representation of the Mobile Game Industry's Value Chain

is to share knowledge that the companies do not own by themselves in order develop a new game, joining two different industries.

It could be argued that a Joint Venture would be the type of collaborative arrangement to be followed because the companies are creating a new product. Nonetheless, it is not the best option since the final objective of the partnership is to develop a new game under the brand angry birds, instead of creating a new brand. In other words, the objective is to develop a new product and not a new business. Therefore, creating a new company owned by Nmusic and Rovio is not ideal, as it would increase complexity and costs and would not be possible to take advantage of the brand awareness that Rovio's games have.

Concluding, a Strategic Alliance should define the partnership between Nmusic and Rovio because it allows the share of knowledge between the companies, which operate in different industries, to achieve benefits for both, without increasing cost and complexity associated with creating a new company. Furthermore, a Strategic Alliance will allow a higher project orientation, which will benefit the development of the product, instead of being focus on the new company, and will provide the chance to test the innovating business model that arises from the partnership.

However, since a Strategic Alliance does not legally bind the companies to the project there is a higher risk of separation and less control of the ownership. Thus, a good relationship between the companies is crucial to the success and the future of the project and, therefore should be a priority. To achieve the ideal relationship both companies must understand the organization cultural differences that affect the work and should clearly define the responsibilities of each. Hence, Rovio will have a higher level of control and responsibilities, as the final product will be a mobile game and given that Rovio is much larger than Nmusic. Moreover, a new team, including workers from Nmusic and Rovio, should be created to develop and manage this project, so that the relationship between the two companies is monitored and strengthen.

Secondly, the suppliers in this project will be divided in two groups, the music suppliers and the game suppliers. The game will have large music content, distributed globally, that will be supplied by all the entities²⁴ that possess it. These music entities can be local or global, meaning that there is a high number of music entities that own the songs that are listened all over the world. Therefore, it is important to in a first phase negotiate with the global music entities that possess the most popular songs worldwide and in a second phase contact the local entities in order to adapt the content to the local tastes. Regarding the game, the main suppliers are the program/software where the game is built and middleware companies²⁵. Although there are several different operating systems, the game will operate in the most popular in the market²⁶.

Finally, the investors will be very important to provide the funds needed for the initial investment of developing a new game. Therefore, these are crucial to the development of the new game since without them Nmusic and Rovio do not possess the necessary capital to invest. Since the final product is an Angry Birds game, the investors that should be Atomico Ventures²⁷, Accel Partners²⁸ and Felicis Ventures²⁹, which were Rovio's investors in previous projects.

Industry Mapping

Through the analysis of the industry map it is possible to identify all the stakeholders in this project³⁰ and how they are interconnected. Most of these stakeholders were explained through the previous analysis of the sections of the business model. Nonetheless, Regulators, Manufacturers and OMEs and Competitors

²⁴These can be divided into two groups: first the authors, composers and publishers; second the artists, music producers, record labels and digital music aggregators.

²⁵Middleware companies are the providers of the mobile devices' operating systems

²⁶The most used operating systems are Android, Windows Phone, iOS, Nook, Symbian OS, Bada, Black Berry, Palm Web OS and MeeGo.

²⁷Refer appendix 7 for a description of Atomico Ventures

²⁸Refer appendix 8 for a description of Accel Partners

²⁹Refer appendix 9 for a description of Felicis Ventures

³⁰This project has nine different stakeholders: Consumers, Investors, Regulators, Manufacturers and OMEs, Distributors, Game Suppliers, Music Suppliers, Game Competitors and Music Competitors

(both of game and music) have not been mentioned before, these are four stakeholders that are not linked with the new product but have an indirect influence on the business model.

First, Regulators define the legal boundaries in which the project can operate in, according to the country.

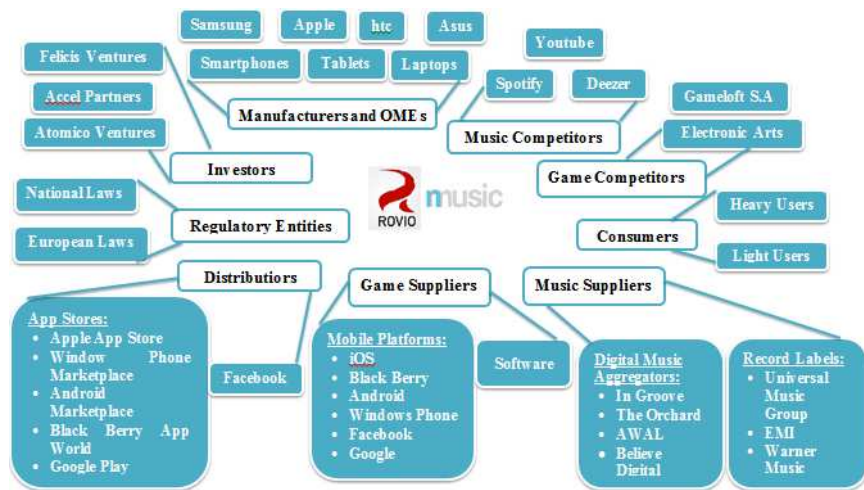


Figure 2 – Industry Map

This will mostly influence the acquisition of content for the game for the reason that music rights are highly regulated and protected by laws.

Second, Manufacturers and OMEs produce the devices where the game will be played, which are smartphones, tablets and PCs. These devices are necessary to the success of the project because without them it is not possible to play the game. Nevertheless, although some of these may influence the business model because they are also middleware companies and distributors, the others do not influence it since their industries are already well established in the market and they do not have an impact on the product.

Finally, the competitors in this project must be divided into game competitors, which are other game developers, and music competitors, which are other music streaming platforms; this is because the final product will combine a mobile game with a simple streaming platform. The competitors will mainly influence the value proposition and the channels since it is essential to deliver a product that is unique and adds value to the products of the competitors.

The analysis of the industry map also allows developing the pocket stakeholders approach, which shows how the different stakeholders affect the project and what is their interdependence. Hence, firstly the partnership between Nmusic and Rovio is the starting point of the whole project, since from this arose the business opportunity. Moreover, through the partnership and its knowledge an innovative product will be

design and developed, which will attract investors. These are the second stakeholder need for the development of this project, since they will provide the needed funding to negotiate with suppliers and to develop the game. Thirdly, the music suppliers, both the record label and the digital music aggregator, should be attracted as they provide part of the content needed to develop the game, which is a key feature of the final product.

Fourthly, after the new game is developed, negotiations with game suppliers (mobile platforms) and with distributors (app stores) should be started, so that the Partnership can ensure that the game will be available in the key channels and to the key consumers. Finally, manufacturers and OMEs are also an important stakeholder to the pocket stakeholder approach for they provide the physical devices where the game will be played.

Cost Structure

To develop and distribute the new game the companies will incur in several costs, which are mainly linked with the activities of the value chain, described previously. Thus, on the one hand the main costs will be the development of the game, negotiating with music entities, buying the rights to the songs, have access to operating systems and app stores. All these costs will be fixed, besides the music content that is a variable cost, since it will depend on the number of time the songs are heard. Nonetheless, these costs will decrease over time as the relationship with suppliers and distributors is strengthened.

On the other hand, the secondary costs, which are not directly related with the development of the final product, will be the costs with human resources, marketing, after sales assistance and infrastructures. Since these costs are not linked to the product they will be monthly fixed costs, excepting marketing costs that can become variable because the new product will only advertised through social networks, which will decrease costs. Likewise, the costs with after sales assistance will also be minimal since this will be done mostly through blogging.

G. Competitive Strategy

General Strategy³¹

In this project the management of the partnership between Nmusic and Rovio, as already mentioned, is critical to the development of the final product. Consequently, both companies should firstly focus on strengthen their relationship and on discussing and aligning their main goals and objectives for the project. Furthermore, marketing will be very important because it is crucial to show the value of the new game to the consumers before it is release. This will lead to an early adoption, defining the success of the game in the market. As a result, choosing the correct communication and distribution channels and the most suitable revenue model are crucial for the project. Also, it is also important to continuously enhance the game by releasing new versions to improve the initial version and meet the consumers' expectations, as well as, to continuously increase and update the music content.

Finally, even though goal is to distribute the game worldwide, the game should on a first stage be distributed in Europe and North America and only on a second stage it should be spread the other geographical regions³². This is because in these regions music tastes are uniform, allowing the game to have globalized music content, delaying the need for local content to a second phase, which will reduce the initial costs with music content.

Porter's Five Forces

In order to help understanding the forces that have a have the strongest impact in the mobile game industry combined with the music feature of the new game a Porters Five Forces Analysis was performed³³. This analysis will be extremely important to define the best strategy to be implemented because it identifies the forces that the strategy should be more focused on.

³¹The strategy that should be followed to develop and introduce the game is described in detail in each of the sections in the Business Model analyzed previously.

³²The explanation and order of market entry are developed in Ana Filipa Conduto's Work Project

³³To perform this analysis the view of the developer in a gaming industry was taken, for the reason that this project has as a final objective to develop a new mobile game within an integrative process to streaming music.

Through the analysis it is clear that linking these two industries will have a positive effect in the industry,

which will lead to a technology convergence to include music features in a mobile game. Firstly, the Entry Barriers will increase because linking music with mobile game requires specific knowledge that is not

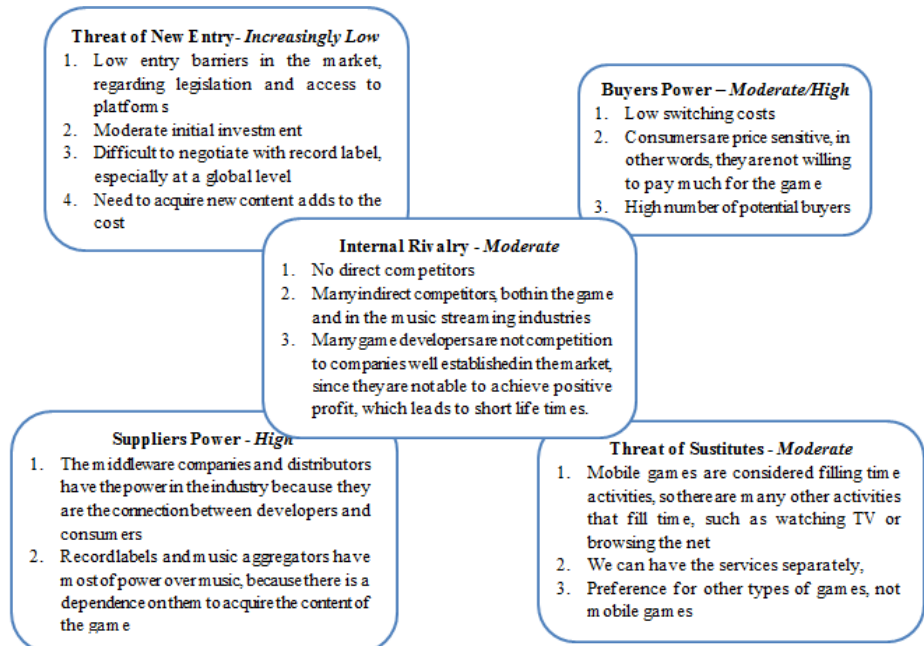


Figure 3 – Porter Five Forces

easily attained, reducing this threat. Secondly, the Threat of Substitutes will decrease with the new product, since the new game has unique features in the market. Thirdly, the Buyer Power will decrease because the switching costs will increase, as the consumers will lose the music features, as well as, the songs earned by passing levels by changing to a new game. Fourthly, the Suppliers' Power will decrease because there will be a tendency to vertical integration by the companies or through partnerships.

TOWS Analysis

A TOWS analysis was performed to discuss the strategic combinations between internal and external

	Opportunities	Threats
	<ol style="list-style-type: none"> 1. Consumers are looking for the newest innovations 2. Games and music are interconnected 3. There is a high number of consumers that is eager to play new angry birds games 4. Growing of the tablet and smartphone markets 	<ol style="list-style-type: none"> 1. Indirect competition is high 2. It is difficult to achieve a successful revenue model in the gaming industry 3. No brand loyalty, consumers will switch for the novelty 4. Difficult to predict the success of a new game
Strengths	SO	ST
<ol style="list-style-type: none"> 1. Strong Brand Awareness from Angry Birds 2. Expertise and knowhow from Nmusic and Rovio in music and game, respectively 3. Innovative product 4. First mover advantage 	<ul style="list-style-type: none"> - Provide a product that is completely new in the market - Being interconnected with the brand Angry Birds will lead to early adoption 	<ul style="list-style-type: none"> - Take advantage of the companies knowledge to develop a profitable revenue model - There is a higher probability of success if the game is linked to Angry Birds
Weaknesses	WO	WT
<ol style="list-style-type: none"> 1. High dependence of the success of the partnership 2. High cost to negotiate with record labels and to obtain music globally 3. Possibility of imitation 	<ul style="list-style-type: none"> - By taking advantage of the novelty factor of the game to become successful, will decrease the costs of obtaining music 	<ul style="list-style-type: none"> - The unique features of the product will reduce and create distance from the competition - Identifying the point of divergence between the two companies and forming a new team with representatives of both companies will lead to a successful partnership

Figure 4 – TOWS Analysis

factors and develop tactical views for the implementation process. Therefore, the main conclusion was that the newness of the final product combined with the strength of the brand Angry Birds will pose a major advantage.

Marketing and Sales Strategy and Tactics

To introduce the product in the market the marketing and sales strategy and tactics has to be clearly defined, as it enables the companies to show the added value of the final product for the final consumer, as well as, to extract value from it. Although this is already included in the Business Model Analysis, especially in the Channels section, an analysis of the Marketing Mix will summarize the most important aspects of the section.

Marketing Mix

*Product*³⁴: The final product will be a mobile game that revolves around music, allowing freedom in the choice of the music played according to gender. Moreover, the game will be directly linked to the gender chosen through the environment, avatars, power-ups and feedback mechanisms. The gamer will initially have access to a set of songs, which can be listened while playing, and will be able to increase the set of songs by purchasing playlists or by a premium subscription. Also there will be an offline mode.

Price: The game will have a free version, with the initial levels. Then the game, power-ups and music packages (playlists) will have a cost of 0.99€. Furthermore, the premium subscription will have a cost of 2.99€ per month to have access to a higher number of songs. Finally, each player will have to pay 4.99€ to enter a worldwide tournament.

Place: As described in the Channels' section the game will be firstly available in the most used app stores in the world because it allows a larger access to the consumers worldwide. Nonetheless, the game should continuously increase the number of app stores where it is available, in order to increase its availability to the final consumer, becoming available to all consumers worldwide.

³⁴The concept of the product is explained in more detail in Mariana Santos' Work Project and in appendix 11

Promotion: To promote the game is essential to reach the consumers, creating expectation that leads them to play the game through the free trial, showing the added value of the new product. To achieve this cross promotion in Rovio's network is extremely important, since it will reach directly the players of Angry Birds, while reducing costs. This will be achieved by taking advantage of Angry Birds' Facebook and Twitter pages, the blog Angry Birds Nest and the new game's Facebook page, while advertising the game the existent Angry Birds games. Moreover, trailers of the game should be released to show how it will work and to provide a visual image of the game.

People: In this project the know-how and experience of the workers of Nmusic and Rovio are crucial to develop all the features of the final product, as explained in the Resources' section of the Business Model. Thus, these workers are crucial in the initial part of the project, when the game is developed, but will continue to be important to solve technical difficulties and to improve the game by developing new levels or extensions and increasing the musical content. Moreover, a new team will be created to manage and develop this business opportunity, which will contain representatives from both companies.

Physical evidence: In this project, the physical evidence will be the game/app that is installed in the mobile device of the consumers.

Process: The consumers will have to undergo a simple process to acquire the game, since they only need to search the game in an app stores, buy it and install it. After this simple process the game is ready to be played at any time.

H. Implementation Plan

Taking into account the strategies and tactics defined previously, an implementation plan will be designed according to the Four M's Methodology³⁵, which will define the stages that should be followed to introduce the new product in the market.

³⁵In this section there will be an analysis of Men, Money, Minute and Memo, in other words it will be defined the human resources and the money needed for the project, all the steps that should be followed, as well as, the objectives and key performance indicators of the project.

The Four M's Methodology

Men: As already mentioned, to develop this project there is the need to form a new team that includes representatives from Nmusic and Rovio and specialists in music and mobile games. Thus, the new team should be formed by six people that will be fully dedicated to the development and maintenance of the new game and the partnership,

as well as, managing the relationships with distributors and suppliers, which will be essential to the success of Angry

Task	Function
Technical Manager	Responsible for developing and maintaining the music player.
Game Developer	Responsible for developing and designing the game and for improving and maintaining the technical quality of the final game.
Contract and Content Manager	Responsible for negotiating with record labels and digital aggregators to constantly improve the music content of the game.
Platforms' Contract Manager	Responsible for negotiating with mobile platforms and distributors.
Nmusic's Representative	Responsible for maintaining the good relationship between Nmusic and Rovio, as well as, for strategy and marketing.
Rovio's Representative	Responsible for maintaining the good relationship between Nmusic and Rovio, as well as, for strategy and marketing.

Birds Music in the market.

Figure 5 - Implementation Plan: Men

Money³⁶: The development of the new game will require an initial investment of 183,470€ that corresponds to capital necessary to perform a market research, develop the features of the game and of negotiating with record labels, digital music aggregators, middleware companies and distributors, as well as, the travelling cost and training the new team. Furthermore, the net income of the project in the first year will be 12,360,274.56€ taking into account an estimation of revenues and operational cost, including salaries, music right and payment to distributors. This value is expected to grow in the following years, especially due to the expected increase in premium subscriptions.

Minute: To successfully implement the new product in the market there are several activities that should be performed. From these the most important are the negotiation between Nmusic and Rovio and establishing the terms of the Strategic Alliance, negotiation with distributors and the music content of the game. Moreover, hiring and training a new team, as well as, continuously improving the game and launching marketing campaigns, are also extremely important in the implementation.

³⁶ Refer appendix 12 for the estimation of initial investment, net income for the first three years

Code	Activity	Duration	Dependency
Act. 1	Negotiations between Nmusic and Rovio	2 months	-
Act. 2	Sign Contract establishing the Strategic Alliance	-	Act. 1
Act. 3	Market Research to understand the consumers preferences	2 months	Act. 2
Act. 4	Define the features of the game and the strategy to introduce it in the market	1 month	Act. 3
Act. 5	Find Funding for the Project	3 months	Act. 2
Act. 6	Negotiations with Record Labels and Digital Aggregators	4 months	Act. 2, 4
Act. 7	Hire a new team to be in charge of this project	1 month	Act. 2
Act. 8	Train the team	2 months	Act. 7
Act. 9	Develop the Game	6 months	Act. 1-5, 7, 8
Act. 10	Negotiation with Mobile Platforms and App Stores	2 months	Act. 3, 4, 6
Act. 11	Test the final product	1 month	Act. 9, 10
Act. 12	Marketing Campaigns	Continuously	Act. 9
Act. 13	Launch the Game	-	Act. 1 - 12
Act. 14	Improve the music content	Continuously	Act. 13
Act. 15	Develop new levels and extensions	Continuously	Act. 9, 12, 13
Act. 16	Meeting between the two companies	Every 3 months	Act. 1, 2

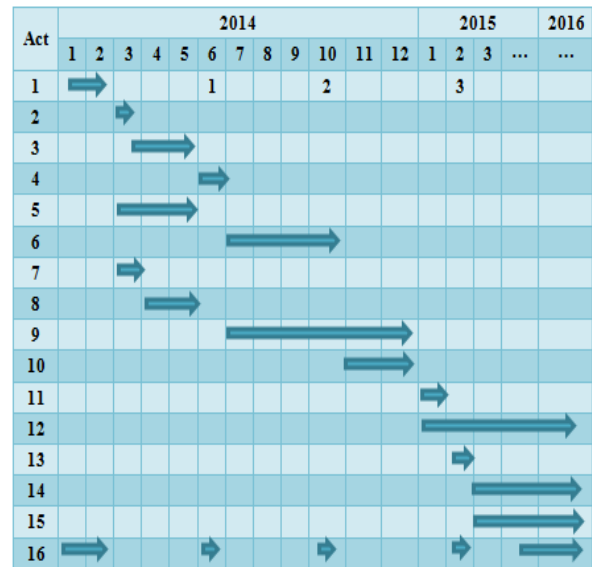


Figure 6 – Implementation Plan: Minute (Chronogram)

Figure 5 – Implementation Plan: Minute (Activities Description and Dependencies)

Memo: To assure that the implementation plan is followed is critical to define the objectives in each strategic theme and the initiatives to achieve them, according to the strategies defined previously:

Strategic Theme	Objectives	KPIs	Target	Initiatives
Financial	Increase Revenue for both companies	Profitability; Sales revenue and volume	Achieve 3 million paid download and 1 million premium users in the first year	-Develop a sustainable cost and revenue model; -Effective communication with the final consumer
Customer	Be the leader in the industry, increasing consumers awareness	Sales volume	Be in the first place in the sales ranking in all app stores	-Free trial; -Continuous communication with the final consumer; -Define the key channel of communication
Internal	Recruitment of a team with knowledge in music, mobile games and global market	Number of employees; CV– Education, training and previous experiences.	Six collaborators that have a background in music or in mobile games	- Perform an application process open to everyone, with especial incidence in Nmusic's and Rovio's networks; - Train the new team
Learning	Learn about the tastes and preferences in music of consumers worldwide	Reports on worldwide music tastes; List of the most heard songs	Knowledge of the listening music patterns worldwide	- Market Research; - Consumers' feedback;

Figure 7 – Implementation Plan: Memo

I. Risk Analysis and Contingency Plan

To the success of the implementation of this work project, it is extremely important to identify the risks and develop the contingency plans to mitigate them. So, it was identified four major risks in this project:

Area	Risk	Contingency Plan
Partnership	The partnership between the Nmusic and Rovio may not be successful.	Form a team with members from both teams and align their objectives.
Product	The consumers may not perceive the added value of the product, which will decrease the consumers' willingness to purchase the game.	Develop a good communication strategy that clearly shows the value of the product. Offer a free version of the game with the initial.

Revenue Model	a) Inability to achieve a revenue model that provides positive margins of profit, because it is one of the major challenges in the mobile game industry. b) Unwillingness to pay for the new mobile game, especially the package with a monthly fee, which will have a high impact on revenues.	a) Perform a market research should be performed to achieve a better understanding of the consumers and how they spend money with game. Based on the results design a new revenue model, taking into account the hypothesis described previously ³⁷ b) Change the revenue model and focus it in advertisement, instead of in consumers' revenues.
Financial	The proposed investors - Felicis Ventures, Accel Partners, Atomico Ventures - may not be willing to invest in this project.	Search for other investors within the mobile gaming and music streaming industries, starting with Nmusic's investors. Propose to Content Distributors and Record Labels partnerships to raise the necessary capital need for the development of the game ³⁸ .

Figure 8 – Risk Analysis and Contingency Plans

J. Conclusions and Recommendations

The result of this work project is a revolutionary business model for an innovative technological product, as it combines the best features of two different business models. Therefore, since consumers are eager for the newest innovation, being the first to enter the market is an enormous advantage because it will lead to early adoption and increase differentiation from the competitors that enter the market afterwards.

Furthermore, for the success of this new project there are six areas that are extremely important. Firstly, strengthening the partnership between Nmusic and Rovio is crucial since the whole project depend on the knowledge that results from it. Hence, throughout all the stages of the project, this partnership should be one of the most important issues. Secondly, to achieve a successful product and strategy it is essential to have accurate market knowledge regarding consumers' preferences and needs, with a focus on music taste and gaming habits. Thirdly, it is important to establish a relationship with the suppliers of music and games, to decrease cost in the long run and to increase the content and channels of communication. Therefore, Nmusic and Rovio could establish partnerships with the major OMEs in the world, such as Apple, Samsung and Microsoft, in order to have an easier access to the main distributors and mobile operating systems, which belong to them. This would allow a decrease in costs since the OMEs would benefit from the new game's success.

³⁷ See the discussion of the different Revenue Streams in the Business Model

³⁸ Although these are not common investors, the companies could show them how investing in this new game would benefit them, since they possess resources that are needed for the development of the game and that will increase profit for them if the game is successful in the market.

Fourthly, using the brand Angry Birds and Rovio's network will be extremely important to, on one hand increase awareness, early adoption and loyalty, and on the other hand, decrease cost with marketing, while reaching the desired public audience. Hence, the new game will have to meet the customer's expectations and improve the game according to the customers' suggestions to assure their loyalty to the game and reinforce their loyalty towards the Angry Birds brand.

Fifthly, the new game will lead to an extension of the Product Life Cycle that arises from the combination of mobile gaming with a simple music player, because it develops a completely new feature in mobile casual games. Thus, this new feature will allow Angry Birds to increase loyalty and the switching costs for the customers, since they will lose the access to music by changing to a new game. Moreover, the game will increase the value proposition of mobile gaming by linking two features that are usually interconnected (music and mobile games), providing freedom to choose the package that best fits the consumers' need and allowing for social interaction.

Finally, even though the final goal is to launch the game worldwide, it should be launch firstly in the Occidental World to decrease initial costs and complexity³⁹.

Furthermore, it is also important to understand the different scenarios that can be discussed for the Business Model. In this Work Project, the Business Model was focused on the product, meaning that it revolved around the product features and on how to extract values from it. Although, the product will always be important for the Business Model, there are other options for it.

Firstly, it can be focused on the partnership between Nmusic and Rovio and on the opportunities that may arise from it, such as develop other mobile-causal games or a combined streaming platform. Secondly, the Business Model can be focused on partnerships with OEMs, which are the owners of mobile operating systems and app stores, as a way to raise the necessary initial investment and reduce costs. This can also lead to a vertical integration, as it may converge to the creation of a Joint Venture between

³⁹ The reasons for the choice of region are explained in the General Strategy

Nmusic, Rovio and OEMs, eliminating one important suppliers and distributor. Finally, the Business Model can revolve around merchandizing because the new game will provide the opportunity of creating new line of merchandizing, which can be extremely profitable. Accordingly, the Business Model could be developed taking into account that this feature would be the main source of revenue.

To conclude, this Work Project discussed in detail the Business Model and the Strategies that should be followed resulting in the development of an Implementation Plan. Nevertheless, this study has some limitations since it only corresponds to my analysis and conclusions, based in information provided by Nmusic and the available literature. Moreover, it lacks crucial information from Rovio, especially in what concerns game development and costs, which may have an impact in some of the conclusions and results achieved. Accordingly, this Work Project should be validated and complemented by Rovio's members.

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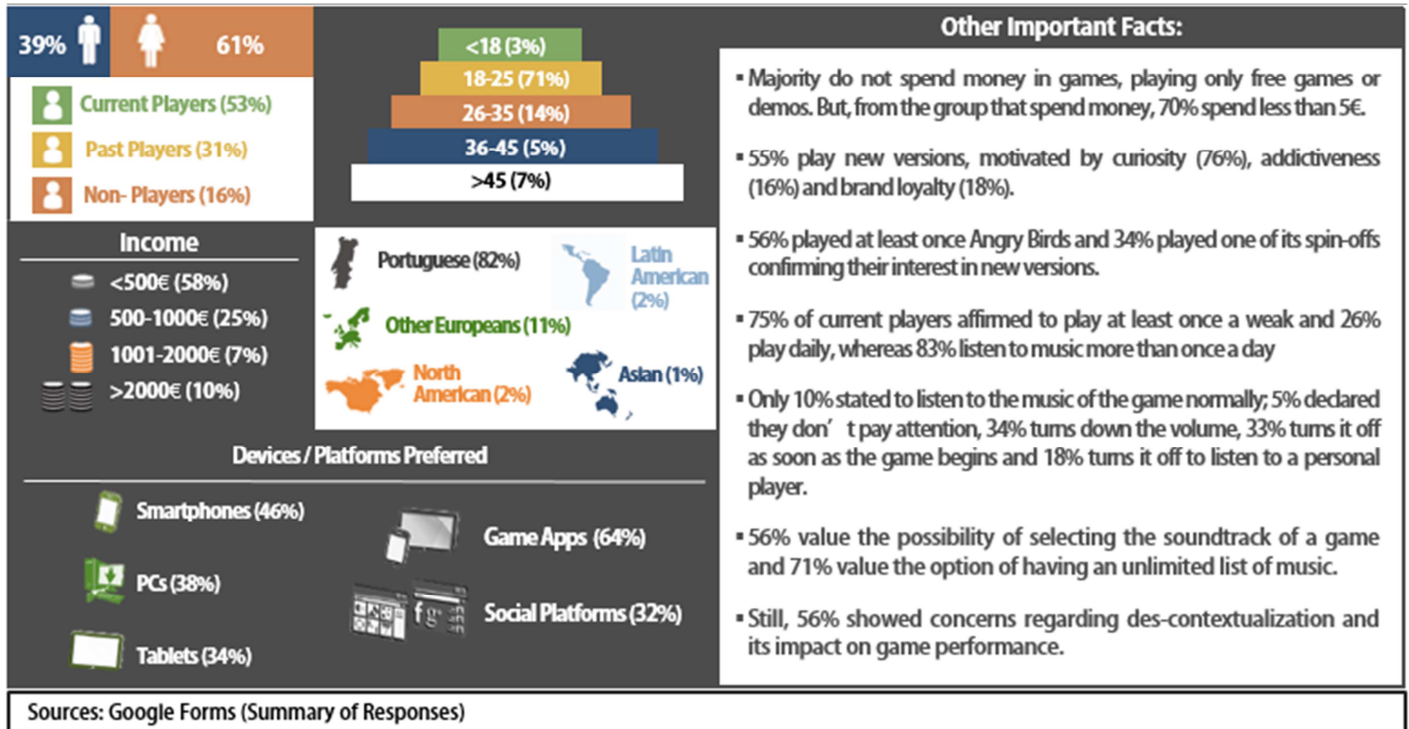
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Meetings with Nmusic

Second Appendices

Appendix1: Suvey’s Results



Appendix 2: Nmusic

Nmusic was founded in 2010, by Celestino Alves, as part of Diligence Capital SGPS Group, which is the most important shareholder. Its purpose was to develop an innovative solution for digital content distribution that could please consumers, music entities and partners. This idea arose from Celestino's previous experience with MusicaOnline, the first Portuguese online music store founded in 2002. Despite the success of the company, its long term sustainability was questioned because consumer did not want to buy music, so the value of downloads in the market was residual. Consequently, MusicaOnline was sold to PT to be integrated in the Sapo brand, starting the partnership between Nmusic and PT.

Thus, in 2010, with PT as a partner, musicbox was launched, which is a “*streaming multi-platform system that allows users to listen to millions of songs on the computer, mobile phone, tablet and television, without advertising and free of charge*” (www.nmusic.com). In other words, it is a streaming music player that contains millions of songs available to the consumer in several mobile devices.

In 2011, Pathena SGPS became one of Nmusic's investors, currently one of its greatest partners. Also, in 2012 the company was invited to join the StartUp Lisboa project, a Portuguese Business Incubator.

Nmusic's goal is to provide a platform where music is like water, meaning that the consumer will not pay for music but instead they will pay the platform. Hence, by paying a monthly fee, the consumer has access to a platform where it is possible to listen to millions of songs from many artists, so music becomes a commodity just like water.

Currently, the company works with a B2B2C model, consequence of its partnership with PT, in other words Nmusic provides musicbox to its client (PT), which sells it to the consumers. This model allows the company to focus in the content and the technical features management of the platform, while the client (PT) focuses in the marketing and sales. The final outcome is very positive for Nmusic, still while the learning and experience curve is evolving around the technological platform, a more customer monitoring and management is essential for the business' future. Furthermore, Nmusic wants to diversify its business by developing new innovative projects, establishing new partners to acquire new capabilities and knowledge, while expanding to new markets.

Appendix 3: Rovio Entertainment Ltd.

Rovio is a Finnish company founded in 2003 by three students from Helsinki University of Technology, Kim Dikert, Jarmo Väkeväinen, Niklas Hed, under the name Relude. The idea emerged after the students won a small mobile game development competition sponsored by HP and Nokia. In 2005 the company received an investment and changed its name for Rovio Mobile. Finally, in 2011 the company changed name to Rovio Entertainment, following its new strategy.

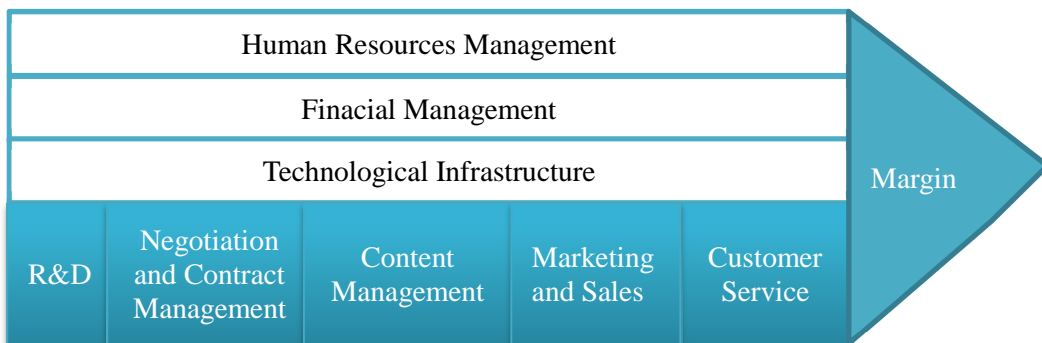
In 2009, after the development of about fifty games, the company launched its worldwide successful game, Angry Birds, and since then has mainly focused its efforts in the development of this game. Angry Birds was a simple game made for phone app that was sold at a lower price, which resulted in a huge success and made the game the top charts for several weeks worldwide.

Currently, Rovio has a diversified portfolio of products, in different business areas, including books, merchandizing, soft drinks, online and physical stores and animation, which are under the brand Angry Birds and that in 2012 accounted for 45% of revenue (www.rovio.com). Thus, the company changed its original strategy of being a mobile development company to being an entertainment media company- Rovio intends to further develop in the entertainment industry and has plans to become the next Disney, by investing in animated movies and constructing a themed park.

Moreover, Rovio has several partnerships that serve different purposes, for example while the partnership with National Geographic has the goal of enhancing the educational content of the books, the partnership with Nokia has the goal of spreading Angry Birds more easily.

Finally, Rovio follows a fans first approach, in other words, it develops its products and diversifies its portfolio according to the expectation and needs of its fans with the goal of delighting and surprising them.

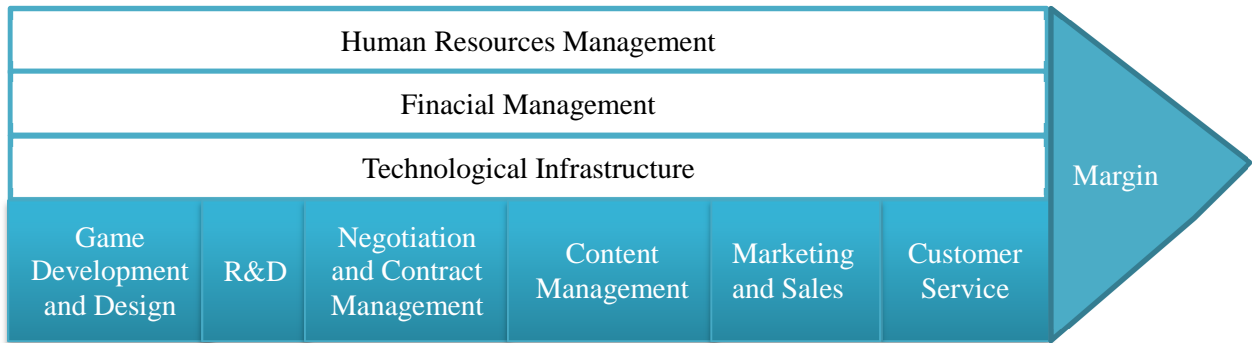
Appendix 4: Nmusic’s Value Chain



Appendix 5: Mobile Gaming Industry’s Value Chain



Appendix 6: Project's Value Chain



Appendix 7: Atomico Ventures

Atomico is an international investment company, founded in 2006 by Niklas Zennström, one of Skype's founders. The company aims to invest in entrepreneurial companies in technological industries and helps companies established in several countries around the world, such as Tokyo, London, São Paulo or Istanbul.

Source: www.atomico.com

Appendix 8: Accel Partners

Accel Partners is a major global venture capital and growth equity investment firm, founded in 1983. The company aims to help entrepreneurs in the technology industry, which show long-term prospect of success, to grow and develop in a sustainably.

Source: www.accel.com

Appendix 9 : Felicis Ventures

Felicis is a global investment firm, founded in 2006. The company has financed over ninety company and half of them are market leaders. Moreover, the company focuses its investments on innovative technology and in five different areas: mobile, e-commerce, enterprise, education and health.

Source: www.felicis.com

10. SWOT

<p>Strengths</p> <ol style="list-style-type: none"> 1. Strong Brand Awareness from Angry Birds 2. Expertise and knowhow from Nmusic and Rovio in music and game, respectively 3. Innovative product 4. First mover advantage 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. High dependence of the success of the partnership 2. High cost to negotiate with record labels and to obtain music globally 3. Possibility of imitation
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Consumers are looking for the newest innovations 2. Games and music are interconnected 3. There is a high number of consumers that is eager to play new angry birds games 4. Growing of the tablet and smartphone markets 	<p>Treats</p> <ol style="list-style-type: none"> 1. Indirect competition is high 2. It is difficult to achieve a successful revenue model in the gaming industry 3. No brand loyalty, consumers will switch for the novelty 4. Difficult to predict the success of a new game

Appendix 11: Product's Concept

- Gamers have access to a list of genres that will characterize several features of the gameplay (identical to Angry Birds Classic episodes);
- Small player (during play);
- Characters are a personification of the music genre and are named accordingly;
- The game environment is representative of the genre (e.g.: frames of successful video clips and albums covers)
- The game environment, power-ups and feedback mechanisms are representative of the genre;
- The gamer can personalize its avatar with items linked to music;
- Music choice through multiple filters: tracks, playlists, artists and albums;
- Gamers do not have control over the music that composes the player;
- Freemium product; players pay if they want to have access to larger packs of music;
- Online-offline mobility;
- Visible status (music playing);
- Offline mode (confirmar com Nmusic)
- Players have access to the music-player as soon as they select the genre they want to play in;
- In every level unlocked, the gamer can choose which song he or she wants to add to the offline mode;
- Surprise factor: some levels can lead to direct access to a full album or packs of songs;

- Competition: online tournaments (similar to Angry Birds Friends) in which the winner can have access to a full album to be added to the music-player;

12. Implementation Plan – Money

Initial Investment	
Development of the Game (including Negotiation with Distributors)	100.000€
Negotiation with Record Labels	80.000€
Training	2.000€
Travelling (three trips): Plane (350) + Accommodation for two nights (140€)	1.470€
Total	183.470€

This project will require an initial investment of 183.470€, given that it will require the development of the new game, negotiation with game suppliers and distributors, negotiation with music suppliers, training the new team and travelling from Portugal to Finland to negotiate the terms of the partnership.

Thus the value for the necessary capital for the development of the game was found through a case study on Rovio from wired magazine (*Source:*

<http://www.wired.co.uk/magazine/archive/2011/04/features/how-rovio-made-angry-birds-a-winner>). The

values for negotiation with music suppliers and for training the new team were provided by Nmusic.

Finally, the travelling expenses were calculated taking into account TAP plane ticket and the small hotel fees in Helsinki (*Source:* www.booking.com).

Year	2015	2016	2017
Revenues			
Downloads	2.970.000 €	3.465.000 €	3.168.000 €
In – app Purchases	2.970.000 €	3.960.000 €	5.940.000 €
Premium Service	35.880.000 €	53.820.000 €	71.760.000 €
Total	41.820.000 €	61.245.000 €	80.868.000 €
Operating Costs			
Human Resources	151.200 €	151.200 €	151.200 €
Record Labels (60% of revenues)	25.092.000 €	36.747.000 €	48.520.800 €
Collecting Societies (10% of revenues)	4.182.000 €	6.124.500 €	8.086.800 €
Platforms and Distributors	34.525 €	34.525 €	34.525 €
Total	29.459.725 €	43.057.225 €	56.793.325 €
Net Income			
Total	12.360.274,56 €	18.187.774,56 €	24.074.674,56 €

To estimate the Net Income of the project it was necessary to firstly estimate the revenues and the operating, for the three first years of the game in the market.

Revenues: The revenue from the game will mainly be provided by downloads, in-app purchases, which include power-ups and music packages, and premium subscription. Firstly, the downloads are expected to be a share of Rovio's current number of downloads and are expected to grow in the second year but decrease in the third year as there are already a high number of consumers that have downloaded the game. Secondly, it is expected that, in the first year, each player will acquire an in-app purchase, as well as, it is expected to increase in the following years as the number of players increase. Finally, it is estimated that one third of the consumers that does a download will subscribe to the premium service, in the first year. This value is expected to gradually grow as the number of players grows.

Year	2015	2016	2017
Downloads			
Number	3.000.000	3.500.000	3.200.000
Unit Value	0,99 €	0,99 €	0,99 €
Total	2.970.000 €	3.465.000 €	3.168.000 €
In- app Purchases			
Number	3.000.000	4.000.000	6.000.000
Unit Value	0,99 €	0,99 €	0,99 €
Total	2.970.000 €	3.960.000 €	5.940.000 €
Premium Subscription			
Number	1.000.000	1.500.000	2.000.000
Unit Value p/month	2,99 €	2,99 €	2,99 €
Total	35.880.000 €	53.820.000 €	71.760.000 €

Operating Costs: These costs were based on information provided by Nmusic (Record Labels, Collecting Societies and Platforms and Distributors). As describe on the previous table Record Labels account for 60% of the revenue and Collecting Societies account for 10%. Moreover, the costs with Platforms and Distributors were computed considering that each app store changes a monthly fee of 9,99€ per region, given that the game will firstlybe introduce in Europe and North America, 48 countries were accounted, as well as, 6 app stores. Thus the value arises from the following computation:

$$(((9,99€*12\text{ months})*6\text{ app stores})*48\text{ countries})$$

Nevertheless, the Human Resources costs were calculated taking into account the team described in Men on the Implementation Plan. Thus the salary of the responsible from Rovio took into account the average salary in Finland (Source: <http://www.stat.fi>), whereas the salary of the rest of the team was based on Portuguese salaries (Source: www.ine.pt). The assumption that the salaries will not be raised for the next three years was taken.

Human Resources	
Rovio's Responsible	56.000 €
Nmusic's Responsible	28.000 €
Technical Manager	16.800 €
Game Developer	16.800 €
Contract and Content Manager	16.800 €
Platforms' Contract Manager	16.800 €
Total	151.200 €