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**Finnish game developers in transforming the
industry**

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ABSTRACT:

Digital platforms have been gaining popularity and have become increasingly prominent players in the market. Their emergence can be attributed to technological advancements and societal needs. Previous literature on the topic has not looked into the particularities of the gaming industry and how the transformation of the sector these platforms bring affects smaller players on the market.

Therefore, this thesis aims to study how these digital distribution platforms emerged in the gaming industry and how Finnish developers and game studios experienced the change, as well as build a framework for these developers and studios to utilize when approaching game distribution platforms and publishers. The research questions were: "*How does platform creation happen in the gaming industry?*" and "*How does platformization of the gaming industry impact companies that are not powerful enough to control or create a platform?*". The literature review encompasses platform economy, digital platforms, platform launching strategies, platformization, and digital platforms from users' viewpoints. Research is conducted through desk research on platform emergences in the gaming industry and semi-structured interviews on the effects of platformization on Finnish developers and studios.

The results of this work highlight the connection between existing theory in platform emergence and the current situation in the gaming industry. It shows that creating a successful platform is almost exclusively a prerogative of large corporations. It also explores Finnish developers' effects from platformization, concluding that the industry's transformation benefits smaller studios. The author also built a framework for starting developers when they need to consider different publishing tasks during platform selection processes.

KEYWORDS: Gaming industry, Platformization, Platform emergence, Finnish game developers, Digital distribution platforms, Platform selection

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1 Introduction

Digital platforms have become prominent players in today's economy, transforming industries and revolutionizing business models. Powered by technological advancement and social demand, the digital platform economy (DPE) has increasingly taken a part in our everyday lives. With it, digital platform enterprises have emerged as the world's largest and most valuable companies, surpassing previous records. Their continuous growth reinforces this trend, as their global structure and reliance on internet-based information exchange provide them with remarkable efficiency and adaptability in diverse international contexts despite their immense size. These platforms offer significant advantages to new ventures and entrepreneurs, enabling them to establish international businesses by incorporating the services provided by prominent tech platforms. Major players such as Google and Facebook offer marketing solutions, PayPal facilitates secure online payments, Microsoft and Salesforce provide data analysis and communication tools, Netflix entertainment, Tencent and Instagram serve as social media networks, and so on. Similarly, the digital entertainment industry, namely the gaming industry, has been affected by platform enterprises that transform dynamic relationships among all the actors involved, resulting in rapid changes and innovations within the industry (de Reuver et al., 2018).

While big digital platforms like Facebook, Alibaba, and Netflix are well-known across the research community, the gaming industry has moved more or less under the radar for the general public. This is especially interesting because lately, the gaming industry has gained huge audiences and interest from such giants as Microsoft, which decided to purchase one of the powerhouse publishers in the gaming industry, Activision Blizzard, in an almost 70 billion deal (See Kim, M. 2023). The natural growth of the industry cannot be ignored either, e.g., Simon Read (2022) from WEF brings interesting statistics that global video game revenue has more than doubled since 2017, and Kurt Robson (2023) from Verdict speculates that the gaming industry might be worth 470 billion by 2030. Considering these kinds of developments and events in the industry, this thesis' author's interest and motivation are granted.

In this chapter, the author provides the research gap he attempts to target, the research problem, and the thesis structure.

1.1 Research gap

According to Saadatmand, Lindgren, and Schultze (2019), DPE is pushed forward through technological evolution and societal needs. Digital platforms' birth can be attributed to various factors and processes, such as technological advancements like the rise of cloud computing, the expanding use of mobile devices, and the Internet of Things (IoT). They all have provided the foundation for platform creation. (Gawer & Cusumano, 2014). Innovators and entrepreneurs play an important role in identifying market opportunities and developing disruptive ideas that form the basis of new platforms (Parker et al., 2016). The need for innovation suggests that startups have a huge role in this and are often industry specific. Additionally, ecosystem dynamics, including partnerships, user communities, and network effects, contribute to the digital platform's successful birth and growth (Eisenmann et al., 2006).

What is known and is evident from casual observation is that digital platforms are born differently depending on the industry. While there can be some common factors and mechanisms, industry dynamics have a crucial role in shaping digital platforms. Some examples the author has recognized:

- **Transportation and Mobility Industry:** Digital platforms such as Uber and Lyft emerged in response to the need for efficient ride-hailing services (Brynjolfsson et al., 2019).
- **Accommodation and Travel Industry:** Platforms like Airbnb revolutionized the housing and travel industry by connecting property owners with travelers seeking alternative lodging options (Zervas et al., 2017).

- E-commerce Industry: Digital platforms in the e-commerce sector, exemplified by Amazon and Alibaba, transformed retail by offering extensive product catalogs, personalized recommendations, and efficient logistics networks. (Hofman et al., 2020)
- Financial Services Industry: The financial services industry experienced the emergence of fintech platforms like PayPal and Square, driven by advancements in digital payment systems, regulatory changes, and changing consumer preferences (Yoo et al., 2019).
- Media and Entertainment Industry: Platforms such as Netflix and YouTube transformed the media and entertainment industry by providing on-demand access to vast content (Parker et al., 2016).

In each of these industries, the birth of digital platforms is influenced by a combination of technological advancements, entrepreneurial activities, and ecosystem dynamics specific to the industry. Understanding the industry-specific factors and dynamics is crucial for entrepreneurs and policymakers aiming to foster platform innovation and create supportive environments for the emergence of digital platforms.

Another somewhat well-researched and observable perspective is how digital platforms have impacted stakeholders. Some examples are:

- Economic Impact: Digital platforms revolutionized traditional business models, enabling individuals and small enterprises to participate in the digital economy (Kenney & Zysman, 2016). Giants like Amazon and Alibaba allow small businesses to reach a global customer base. At the same time, platforms such as Uber and Upwork offer new avenues for income generation and flexible employment.
- Employment and Workforce: New forms of work opportunities were created, such as gig work and freelance opportunities, transforming the labor market (Kuek et al., 2019). While these platforms offer flexibility and income

diversification, they raise concerns about job security, worker rights, and income inequality.

- **Access to Information and Services:** Digital platforms have democratized access to information, enabling individuals to find and share knowledge easily (Bakshy et al., 2015). For example, Google and Wikipedia have become indispensable sources of information, empowering individuals to learn, innovate, and participate in social and political discourse.
- **Social Interactions and Relationships:** Social media platforms, like Facebook and Twitter, have transformed how people connect, communicate, and share experiences (Dhir et al., 2018). These platforms have facilitated global connectivity, strengthened social ties, and enabled collective action. They also raise alarms about privacy, online harassment, and the effects of social media on mental health.
- **Market Dynamics:** Digital platforms have disrupted traditional industries, challenging established market players and reshaping consumer behavior (Eisenmann et al., 2006). Platforms like Netflix and Spotify have transformed the entertainment industry, while e-commerce platforms have altered retail dynamics. The rise of platform-based ecosystems has facilitated collaboration and co-creation among businesses, promoting innovation and efficiency.

Less-known parts are the creation of gaming industry-related digital platforms and the specific impacts and associated benefits to smaller players in this industry. According to the author, while being a part of the media and entertainment industry, there is no comprehensive material on platform emergence and stakeholder-related effects in the gaming-specific industry. Also, in contrast with general entertainment practices, the author believes that the gaming industry has increasingly centered around specific digital platforms that are also often hardware-locked, and the amount of totally independent game distribution has also decreased in the process. To address the issue above, the author will focus on gaming industry-specific platform emergence and how platformization impacts the gaming industry's more minor actors, like separate game

developers and publishers, specifically Finnish ones, that do not have the power to create or control a digital platform.

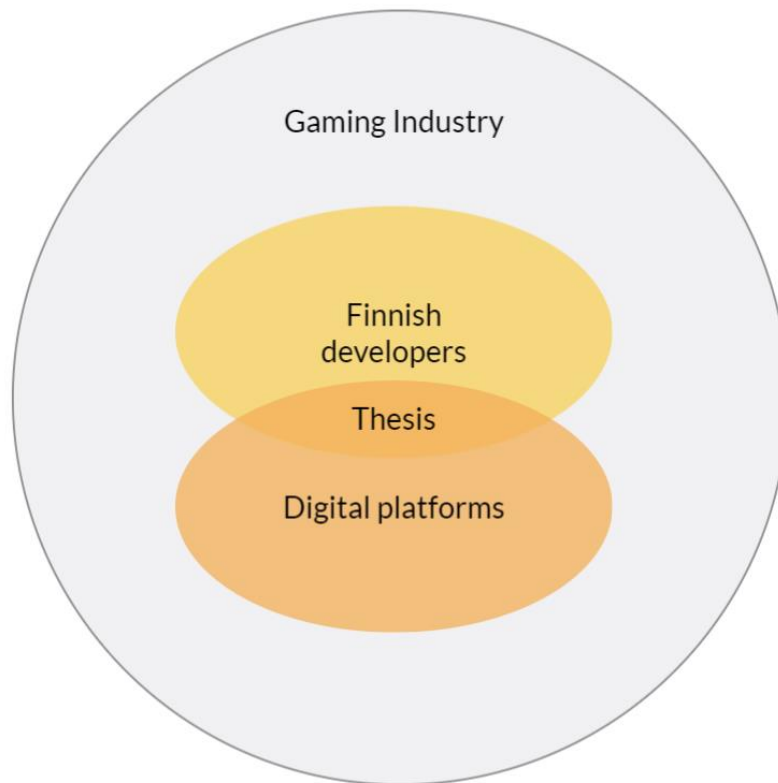


Figure 1. Thesis positioning. The author addresses the research gap in the relationship between Finnish developers/studios and digital platforms in the gaming industry, namely, the platform emergence and platformization of the industry.

1.2 Research problem and delimitations

The focus of this study is to understand how platforms are created or born in the gaming industry and how the platformization of this industry impacts platform stakeholders from the point of view of Finnish developers and publishers. As a result, the author wishes to map out a framework for developers to lean on, understand what benefits or issues would be expected when joining a platform as a minor player, and what should be considered when joining a platform. The preliminary research questions will be:

"How does platform creation happen in the gaming industry?"

As for the platformization impact on minor players and Finnish developers specifically, the next question will be used:

"How does platformization of the gaming industry impact companies that are not powerful enough to control or create a platform?"

As the gaming industry is considerably vast with numerous platforms like game engine platforms, in-game platforms, and game distribution platforms, to name a few, the author will limit the study only to game distribution platforms that are digital, but that could have been born digital or started from hardware like consoles and then evolved to digital.

1.3 Thesis structure

After the introduction, the thesis will proceed to a theoretical framework where the author will cover some bases about the history of the digital platform economy and platforms themselves and their creation, discuss platformization as a definition, and discuss the theoretical impacts of platformization. The third chapter will consist of methodology. The study includes a literature review, a desk case study of prominent game digital platforms, and interviews with Finnish developers and consultants. The fourth chapter includes the study's findings, and the fifth is the discussion. The sixth chapter will be the concluding chapter, discussing managerial implications, limitations, and further research suggestions. The thesis is purely empirical.

2 Theoretic framework

The author will introduce pertinent theoretical concepts underpinning the thesis in this section. What is known about Digital Platform Economies, how they emerge, and how they and the platformization of the industry impact stakeholders? The author will construct the framework for consideration of platform joining.

2.1 Platform economy

The platform economy refers to a growing economic phenomenon where digital platforms are organized in the center by producers and developers of products and services and user activity and interaction. Real-time trading, innovation, and development are vital characteristics of the platform economy. Digital platforms enable the creation and management of different marketplaces in a new way and the smooth transmission of information. They also create new and valuable interactions between various parties, i.e., producers and users. (Aalto et al., 2020)

The concept of the platform economy is not unambiguous or established. The publication of the Finnish Statistics Center (Suomen Tilastokeskus), "Measuring the data and platform economy" (Airaksinen et al. 2019), defines the platform economy as a business organization model born out of the development of the internet, which is used primarily for the implementation of rapidly scalable service entities. The most well-known players in the platform economy include various international companies that mediate services and products, such as Amazon, Airbnb, and Uber. Various technological platforms on which others can build products and services are another common phenomenon related to the platform economy. Examples are the platforms from Apple and Google, around which many independent developers set up their businesses.

The concept of the platform economy can also be divided into narrow and broad definitions. In the narrower concept, platform means that part of the economy, i.e.,

activities within economic institutions, such as companies, are carried out with the help of platforms. From the point of view of this definition based on the "macroeconomics of platforms," the platform economy is an essential part of the economy, but still only one part of the whole. According to the broader definition of "platform microeconomics," the platform economy is an economic transformation in which human interactions and goals change, and thus, institutions change. When people interact on platforms, they increase the benefit received by everyone on the platform. Therefore, The platform economy is the next stage of economic development in business operations and societal regulation. (Koponen 2019, pp. 73-76.)

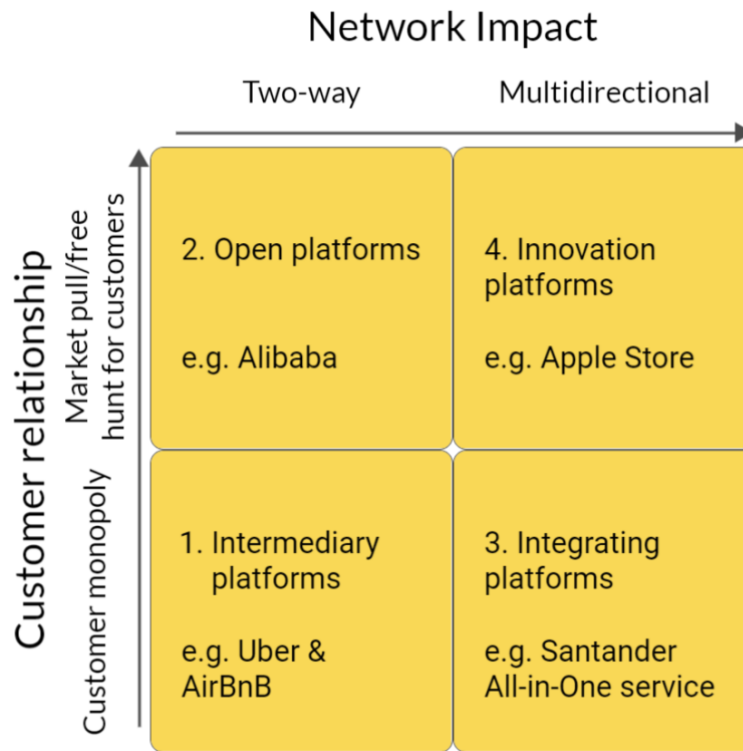


Figure 2. Quadrality of platform types (Ailisto et al. 2015, p. 18)

In the platform economy, four types of platforms are recognizable: 1) intermediary platforms, 2) open platforms, 3) integrating platforms, and 4) innovation platforms. The figure above illustrates these four platform types regarding customer relationship and network impact axes, with some examples of international platform companies.

As in Figure 2. Quadrality of platform types (Ailisto et al. 2015, p. 18), a typical feature of intermediary platforms is that they reorganize the open markets digitally, especially their underutilized resources and capital items that third parties own. Intermediary platforms seem to have a monopoly on customers.

In open platforms, on the other hand, none of the parties' customers; any operator can freely utilize resources through an open market economy and capital items to create a new product or service offer for new customers.

For integrating platforms, it seems typical that the locomotive companies that offer the platforms build a network of entities that encapsulate products and services created, offered, and maintained by different operators. These entities enable a more comprehensive offering of solutions to the customers owned by the locomotive company.

The characteristics of innovation platforms include different actors creating, offering, and maintaining complementary products and services for distribution channels and markets within the framework of standard operation rules. In innovation platforms, customer relationships are managed either by oligopolistic means or in such a way that no one owns customer service. (Ailisto et al. 2015, p. 19)

2.2 Digital platforms

In the platform economy, business is based on digital platforms. Digital platforms refer to information technology systems with which different actors interact with each other and carry out value-added platform economy activities. These actors are users, providers, and other stakeholders across organizational boundaries. A typical characteristic of digital platforms is that different actors create, offer, and maintain each other's complementary products and services to various distribution channels and markets within the framework of standard operation rules and user experiences. Digital platforms also bind and attract different actors to the platforms with the financial benefits produced by their network effects. (Ailisto et al. 2015)

The processes of stabilization of operations are essential basic elements for the growth of organizations. The efficiency and development of digital platforms and the platform ecosystems are based on general standardization, such as data structure and technical interfaces, but also on standardizing the terms of use, contracts, commercial terms, and, ultimately, the customer experience and pricing of services implemented by several different parties in the standardization process. Thus, certain standard practices are created on the platform, on which those who have accepted the terms can join, use resources, and produce services. That increases efficiency and creates a better and more predictable customer experience. (Koivistoinen et al. 2017., p. 132)

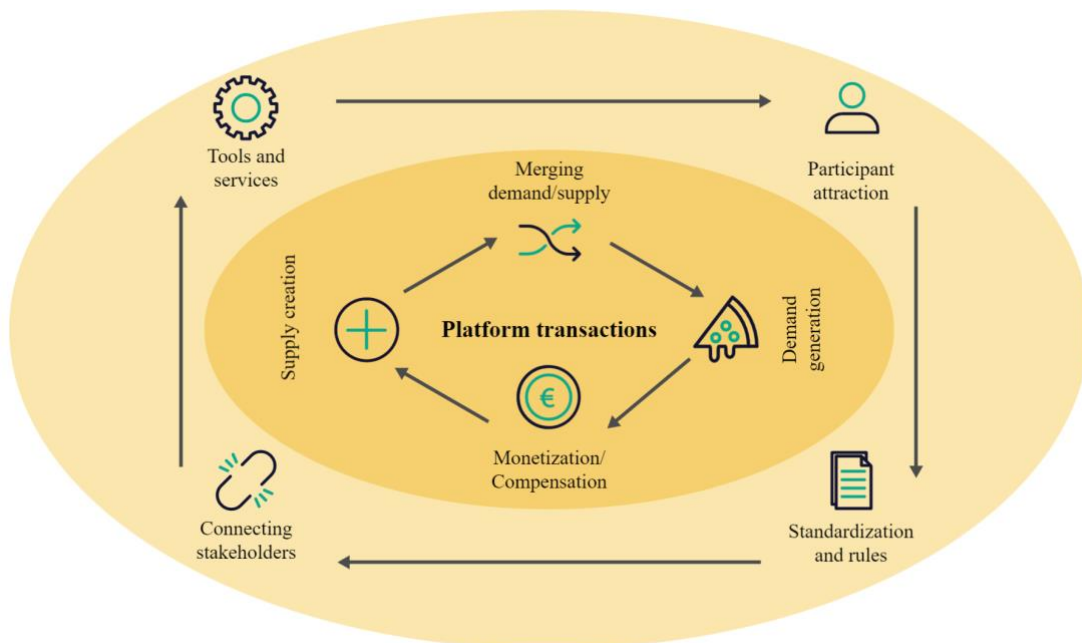


Figure 3. Operations of digital platforms (Koivistoinen et al., 2017).

The above figure (Figure 3) describes the operation of a digital platform according to Koivistoinen et al. (2017). As in the figure, the operation and development of the digital platform include four different core functions, which enable parties to make transactions: 1) increasing participation, 2) creating rules and standards, 3) connecting stakeholders, and 4) providing critical tools and services. Increasing participation means attracting and getting different parties to build a large enough network on the platform. A sufficiently

large network allows supply and demand to meet on a critical level and value exchanges to begin.

The digital platform creates rules that define what kind of behavior is encouraged and simultaneously discourages unwanted behavior. This moderation controls two primary points: access and use. The access moderation controls who can join, who cannot, and for what reason. Moderation of use operates on gathered data and accumulated feedback from platform participants and maintenance.

Connecting participants is needed between parties whose contents are relevant to each other, such as, for example, between a seller of certain goods and a potential buyer. The parties cannot find a value-generating good or service from the platform's offering without this matchmaking feature.

The operation and development of digital platforms also include providing parties with crucial tools and services, such as technology, that support core transactions. The tools are self-service and other so-called "plug-and-play" solutions. Services, on the other hand, are those things that the platform itself handles centrally, such as insurance, marketplaces, and customer support. (Koivistoinen et al. 2017, p. 132-133)

The four core actions on the platform are combining supply and demand, contributing to their creation, and supporting the value exchange. Exchanged value can be monetary compensation, virtual content like in-platform commodities, or other things, including social stimulants, e.g., likes and shares. The figure shows that digital platforms aim to create a safe transaction environment and a solid base for demand to meet the supply. The platform does not necessarily control all the steps but builds an infrastructure that supports their implementation. (Koivistoinen et al. 2017., p. 133-134)

2.3 Beginning and launching strategies for Digital Platforms

According to Parker et al. (2016), platforms can be very complicated, and creating one by imitating another platform seldom works as they can have considerable differences in the markets they target or operate in. Despite the differences, the platforms operate

on similar principles: information, goods or services, and some currency. Therefore, platforms should be constructed on a solid base that would be the main value-creator, the most critical activity that attracts most platform users. Parker et al. call this "Core Interaction." Core interaction answers the "why" of a successful platform. It is built from three building blocks: the participants, the value unit, and the Filter.

The participants + Value unit + Filter = Core Interaction

The participants are fundamentally two parties: the value-creating producer and the consumer. Both roles need to be explicitly defined and understood. While roles are explicit, they must not constrict as they can change and evolve and must allow transitioning from role to role. An example is YouTube, where users can be the primary consumers and creators.

As every interaction starts with an exchange of information that messages the value to the participants, so is the value unit created by the producers. Value unit is any content, product, or service on the platform. Continuing with the YouTube example, all videos are value units available for consumers.

The Filter represents the mechanism through which participants interact with the value unit within the platform. Filters can include algorithms, user preferences, search functions, recommendation systems, or any other mechanism that determines how participants discover, access, and engage with value units on the platform.

The value unit is considered the most important of these three because it is the core element around which the platform ecosystem revolves, driving value creation, user engagement, monetization, and differentiation. Understanding and effectively managing the value units are essential for the success and sustainability of digital platforms. (Parker et al. 2016)

An inherent challenge faced by emerging platforms is what is commonly referred to as the chicken-and-egg problem. This issue arises from the platform's requirement for both complementors and consumers to establish a viable value proposition. However, neither

side is inclined to join the platform until the other side is sufficiently populated (Caillaud and Jullien, 2003). To escape this situation, Parker et al. (2016) describe eight strategies:

1. The "follow-the-rabbit strategy" leverages an established non-platform success by showcasing the company's proven track record. For instance, Amazon initially operated as an efficient pipeline business, utilizing online product listings to attract consumers. After establishing a robust customer base, it transitioned into a platform model with Amazon Marketplace, allowing external producers to sell to its customers while earning revenue from each transaction.
2. The "piggyback strategy" involves connecting an existing user base from a different platform to the offerings on your platform. Justdial, India's most prominent local commerce marketplace, employed this strategy by initially populating its database with listings from the Yellow Pages and gathering information directly from businesses. This data was used to launch a phone directory service, facilitating connections between customers and merchants and building the platform.
3. In the "seeding strategy," the platform creates value by acting as the primary producer. Generate value units that cater to the needs or interests of at least one group of potential users. By attracting these users to the platform, other groups seeking to engage with them will naturally follow.
4. The "marquee strategy" incentivizes a specific type of user to join the platform. Swiss Post, for instance, transformed into a digital message-delivery platform by offering incentives such as free iPads to households, encouraging them to switch from traditional mail delivery to electronic messaging.

5. The "single-side strategy" initially focuses on one set of users and later expands to attract a second set. OpenTable, a restaurant reservation system, initially provided restaurant booking management software. Once enough restaurants were on board, the platform expanded to attract customers, generating revenue through lead-generation fees.
6. The "producer evangelism strategy" aims to create a platform that primarily attracts producers which then encourage their customers to engage with the platform. This strategy is often used by crowdfunding platforms similar to Kickstarter or Indiegogo which target creators needing funding and providing infrastructure for fundraising campaigns.
7. The "big bang adoption strategy" attracts attention with old-fashioned push marketing. For example, a location-based dating application, Tinder, achieved rapid growth by launching at a University of Southern California frat party, tapping into an existing community of young adults looking to connect.
8. The "micromarket strategy" targets the smaller markets where interactions are already occurring, demonstrating the platform's effectiveness at matchmaking. Facebook's launch at Harvard University exemplifies this strategy, as it initially attracted a concentrated user base within the university community, establishing an active community from the outset.

2.3.1 Platforms born digital or evolving into digital

During the research, the author of this thesis encountered two fundamental ways digital platforms emerge in the gaming industry: being born digital and the evolution of existing platforms into digital. Both types end up with earlier laid-out Core Interaction, but the

road to it differs in the sense that while born-digital strives to establish the Core Interaction from the beginning and then evolve outside, the already established platform that has many services and products attempts to integrate all of them into the digital platform. The author calls these inside-out and outside-in approaches.

In born-digital, inside-out cases, the road follows more closely to the suggested practices from Parker et al. Parker et al. (2016) add that born-digital platforms are conceived with a digital-first mindset, prioritizing digital technologies from the outset; this approach ensures that digital capabilities are central to the platform's design, infrastructure, and business models. According to O'Reilly & Battelle (2009), born-digital platforms are designed with open APIs (Application Programming Interface) that enable integration with third-party services and applications, facilitating and opening the platform for developers and partners who can extend the platform's functionality. Another feature of born-digital platforms is that they prioritize continuous innovation to stay relevant (Parker et al. 2016).

Outside-in cases, or platforms that evolve into digital, initiate the transformation by digitizing their operations, processes, and offerings. It involves converting analog data, services, and assets into digital formats that can be accessed, manipulated, and distributed electronically (Hagiu & Wright, 2015). Platforms integrate existing systems, services, and APIs to extend their functionality and reach (O'Reilly & Battelle, 2009). This kind of ecosystem integration enables interoperability with third-party applications and enhances the platform's value proposition, but, by definition, it is more closed off, allowing only controlled stakeholders into the ecosystem.

The term ecosystem is widespread in the gaming industry, defining digital platforms with hybrid or modular structures and layered architecture. The structure exists when digital elements and operations constitute the fundamental platform services or when these elements and operations are integrated hierarchically into product structures. There are four layers in this architecture: (1) Device, (2) network, (3) service, and (4) content. The

device layer encompasses physical devices that connect and engage with the platform and its services, such as televisions, mobile phones, or gaming consoles. The network layer involves the networking protocols provided by the platform for communication across networks to devices at the device layer. The service layer pertains to the functionality of applications operating on the platform, enabling users to access content across various devices. The content layer includes the content customers interact with, such as music, games, or videos. These layers constitute an ecosystem surrounding the digital platform, involving diverse actors like platform owners, content providers, telecom operators, device manufacturers, and end-users. (Ojala et al., 2020). These ecosystems include Apple with its extensive range of devices, Microsoft with its Windows and Xbox, and Sony with its PlayStation.

2.4 Platformization

Platformization describes increasingly integrating digital platforms' infrastructure, business models, algorithms, and other practices into society (Chia et al., 2020). The concept of platformisation marks a transition from viewing "platforms" as static entities to understanding "platformisation" as an ongoing process (Poell et al., 2019). Recognizing platformisation as a process entails broadening the scope to consider how platforms reshape society across various dimensions, including economic competition, technological infrastructure, government policies, labor dynamics, and everyday activities. As outlined by Poell et al. (2019), platformisation encompasses the sophisticated interactions between transforming technological infrastructures, economic policies and platform governing on one end, and, consumption, work, social, expression and representation related cultural customs on the other. Dal Yong Jin (2015) calls platformization a process explaining it with the fact that this phenomenon dominantly exerts influence on a global scale. Chia et al. (2020) add that platformization increases tensions in negotiations and communications between manufacturers, creators, players, and platform holders due to the monopolistic and imperialistic tendencies of the latter.

As the landscape changes exponentially due to platformization and its impact on marketing, distribution, and sales practices, it is interesting to investigate how smaller creators are affected by this process. While platformization has its issues and negative tendencies, as Chia et al. (2020) mentioned, it also provides many opportunities, networking effects, more straightforward operational practices, increased accessibility, stability, and other positive things.

From an affiliated business perspective, one benefit of platformization is the ability to leverage digital resources, which in this case means digital platforms, so expanding into new markets becomes effortless by using established platforms in targeted segments (Hyvönen, 2018). Platforms also enable companies to capture the element of speed to benefit from a competitive advantage (Bhadrawaj et al., 2013). Especially in the context of digitally distributed products, it can be delivered nearly instantly to the customers. Platforms facilitate speed by reducing the time needed to find new parties to interact with as long as the relevant partners are present within the same ecosystem (OECD, 2019).

2.5 Developer and studio perspective on creating or joining a platform or distributing by themselves.

In today's landscape, all market participants can engage directly or indirectly with one another, resulting in complex structures and processes. While every developer has the potential to sell directly and manage their publishing and distribution, the numerous steps and partnerships required for success pose significant challenges and uncertainties. Theoretically, barriers to entry are eliminated, yet the intricacies of the market introduce new obstacles for inexperienced developers. (Limpach, 2020)

The general assumption is that most companies will eventually encounter digital platforms. Consequently, firms are prompted to establish their strategic alignment concerning platform-driven changes, even if their chosen approach initially overlooks

them. Korhonen et al. (2017) underscore that platforms offer new opportunities for companies by circumventing traditional business norms. However, this perspective is not universal, as companies rooted in conventional business practices may perceive these opportunities as threats. Despite differing viewpoints, companies generally have three primary strategic options concerning platformization (Bughin, Catlin & Dietz, 2019):

1. Developing one's own platform technology and business model.
2. Disregarding digital platforms and rejecting the platform business model as unsuitable.
3. Joining an existing platform ecosystem as an affiliate.

When considering the smaller developer or studio perspective, the question is whether smaller players of this kind can create or operate their platforms, whether direct distribution makes sense compared to platforms, and what considerations there are when approaching big platforms. The possible benefits could be significantly outweighed by disadvantages, depending on the case.

2.5.1 Issues of creating own platform for small companies:

Despite the clear benefits of owning a digital platform, there are definite issues in the context of smaller companies. Parker et al. (2016) mention technical, economic, and legislative issues in their "Platform Revolution" book.

Technological complexity is brought because developing a digital platform involves dealing with complex technology stacks, including backend infrastructure, databases, security protocols, payment gateways, and user interfaces. Digital platforms must also be scalable to accommodate user traffic, content, and transaction growth. Therefore, scalability requires careful architectural design and infrastructure planning, which can be challenging for smaller companies with limited resources. These require ongoing customer support, maintenance, and updates to address technical issues, security vulnerabilities, and user feedback. (Parker et al. 2016).

Economic aspects include risks, competition, and steep development and expansion expenses. Building a digital platform is inherently risky, with no guarantee of success, and it is vulnerable to failure due to factors such as limited resources, lack of experience, and inability to withstand market competition. Building a robust digital platform requires significant software development, infrastructure, marketing, and technology investment. Success also relies on a diverse and engaging proposition to attract consumers, be it products, services, or other things such as content to attract and keep users engaged. (Parker et al. 2016).

The legislative aspect would be regulatory and legal compliance: Digital platforms must comply with various regulations and legal requirements, including data privacy laws, intellectual property rights, consumer protection regulations, and taxation rules. Ensuring compliance can be complex and without dedicated legal and regulatory expertise. (Parker et al. 2016).

Smaller companies may struggle with any of the issues above; therefore, it is improbable that smaller companies or studios would even attempt it.

2.5.2 Issues of self-distribution

According to Cliffski (2010), creating your store for game distribution is relatively straightforward: With well-developed tools for web hosting, site creation, and payment providers, store creation is quite realizable, even for a global audience, even with a few resources. The main advantage of self-distribution is direct contact with customers, which means developers or studios have the best possible information about the customers and that the creators retain over 90% of the transaction without paying hefty commissions to platforms. However, this is almost only exclusive to open gaming platforms.

A general challenge for smaller, independent game developers is the need to take

care of every aspect of the production independently (Tyni, 2020). The challenge encompasses everything, from conceptualizing the game to coding, publishing, engaging media for features, strategizing marketing efforts, and devising acquisition and retention strategies. Each step demands not only investing time in researching tips and tricks but also hands-on testing and sometimes risking budget expenditures. (Helpshift 2023)

Unless the developer or studio is well-known, there is also an issue of reputation, as it is challenging to validate the product on the market and gather enough trust to make consumers download the product. It is also hard to get media mentioned for the project, as popular media websites often focus on industry trends or have pre-planned advertorials with specific publishers. It may be challenging to identify the appropriate person to review the app or feature it in alignment with marketing deadlines. (Helpshift 2023)

Regardless of the advantages, none of the Finnish studios or game developers, even well-known or reputable ones, hold an independent store; instead, they rely on larger digital platforms.

2.5.3 Issues and benefits of joining the platform

According to Bughin, Catlin, and Dietz (2019), in their McKinsey study, where they analyzed 1600 different businesses, the most common result was cooperating with third-party digital platforms. Cusumano, Gawer, and Yoffie (2019) observed that most commercially successful platforms are transactional. In such platforms, the primary function is facilitating transactions among various market actors. However, unlike innovation platforms, these transactional platforms do not support others in building, expanding, or creating new product offerings within the platform architecture.

The main advantage of joining third-party solutions is that they provide quick access to the user base of platform businesses with minimal apparent trade-offs (Reinartz, Wiegand & Wichmann, 2017). Additionally, firms can benefit from economies of scale

and network effects within the ecosystem without bearing the high fixed costs of maintaining platform infrastructure (Duch-Brown, 2017). These advantages benefit smaller businesses struggling to gain market visibility (Reinartz, Wiegand & Wichmann, 2017). Moreover, even large businesses with independent platforms may become affiliates. In such cases, their platform becomes integrated into a more prominent platform ecosystem, providing access to complementary features (Bughin, Catlin & Dietz, 2019). According to Bughin et al. (2019), firms that initially developed their platforms were likely to collaborate with broader industry-wide platform ecosystems later. According to Choudary (2015) and Parker et al. (2016), becoming part of a platform offers businesses access to valuable data and insights concerning customer behavior, preferences, and trends. These insights can inform strategic decision-making and marketing endeavors. Additionally, joining a digital platform can assist businesses in mitigating risks associated with independent operations, such as market fluctuations, competitive pressures, and technological advancements.

However, utilizing a third-party solution also comes with its own set of complications and controversies. Joining a digital platform may limit businesses' ability to customize their offerings or tailor their services to meet specific customer needs, as they must adhere to platform standards and requirements (Evans & Schmalensee, 2016). According to Parker et al. (2016), businesses that join a digital platform may become dependent on the platform for their operations, which can pose risks if the platform changes its policies, algorithms, or terms of service. Many platform models employ a pricing structure that discriminates against affiliates, customers or both (Jeon, Kim & Menicucci, 2015). It often results in varying participation rates that are charged from affiliates. In addition to ethical concerns that this brings, this also surfaces the situation where affiliates' share of value depends highly on their bargaining power (Duch Brown, 2017). For example, depending on the product category, Amazon may charge 8-17% from its sellers as platform margin (Reinartz et al., 2017). Conflict of interests might arise because network effects incentivize the platform holders to gather as many affiliates as possible, which in return

creates fierce competition and diminishing bargain power of individual participants (Duch-Brown, 2017).

2.5.4 Considerations on joining a platform

When deciding to use a digital platform for product distribution and publishing, it is essential to select the right platform (Glen, 2023). Platform selection involves selecting a suitable platform or technology to oversee and control data, applications, and services. The digital platform usually forms the core of a company's activities, functioning as the groundwork for establishing business operations and customer engagements. Navigating the array of platform options on the market can be overwhelming. It is essential to grasp the intricacies of each platform and assess whether it fits strategic goals (Cheng, 2023). Glen (2023) adds that digital platforms demand careful research and strategic planning, as it is essential to consider the type of product intended to be published and determine the targeted audience. Juego (2023) underscores that identifying the distribution platforms that best suit your target audience is essential. In such an occurrence, if the target audience consists of young gamers who play on consoles and PCs, releasing the game on platforms such as Steam and The Epic Store would be most appropriate. Effective platform selection hinges on comprehensively evaluating an organization's present and future needs, available resources, skills, and scalability potential. Additionally, it should account for the platform's capacity to accommodate diverse business functions, enhance customer interaction, and provide robust analytics capabilities. (Cheng, 2023).

While developers on popular game development forums like Reddit, GameDev, and Indiegamer generally agree with the above, the primary debates are on the actual hierarchy of most important factors when selecting the platform for their games. The most prominent arguments seem to be: 1) The skillset. Different gaming platforms might require different coding and development processes, so the team's skills might be the most crucial factor in the most fluid and painless progress. 2) The target audience. According to some developers, different platforms have different populations that might

prefer specific types of games. Therefore, it would be reasonable to work on the platform with the most considerable potential audience for the game. 3) Mechanical or interactive point of view. Some platforms might not support specific interaction models because there are a lot of different games and how people interact with them. For example, if the game requires minute manipulation, e.g., through a touch screen, the game should be designed for a specific mobile phone platform like Apple or Android; alternatively, if the game has a large amount of text or complicated control, that would not fit the screen of a smartphone but rather PC or console. The author attempts to find which preferences or factors the Finnish game developers or studios consider essential.

Sometimes, when selecting the game distribution platform, it comes together with the gaming platform. Morris (2023) describes gaming platforms as hardware and software systems facilitating playing and interacting with video games. Morris categorizes gaming platforms into three primary types: consoles, PCs, and mobile devices. Each platform possesses distinct advantages, drawbacks, game types, and target demographics (Morris, 2023). A common practice in the gaming industry is that powerful gaming platforms could buy exclusive rights for game distribution of game developers or studios, effectively publishing them.

As noted, in some other cases, developers and studios could decide to work with game publishers. In these cases, publishers would provide funding, expertise, product advancement, and production support (Zabalotna, 2023). Odile Limpach, in an interview with Gamesindustry.biz (Dealessandri, 2023), says that collaborating with a publisher, if the publisher is reputable, lies in the professionalization of various aspects; this includes access to highly professional marketing, sales, and positioning for the game, along with ongoing lifetime management support. Another advantage of using publishers is that they have well-connected ways to distribute the game and can even make physical copies sold in physical stores (Helpshift, 2023), which is an almost impossible feat for small independent developers. Some publishers have their preferred distribution platforms or sometimes happen to hold a platform, too. Publishers could also help port the game,

which would mean that the game could be distributed on several gaming platforms simultaneously (Limpach, 2020).

Limpach (2020) states that publishing comprises five essential categories: funding, distribution, development, communication, and support functions. All these categories affect the developer's choice of platform or possible partnership with a publisher. To elaborate, Limpach lists what all these factors include or are built of:

1. Distribution: Using digital platforms for distribution requires work with different rules and processes depending on the platforms, e.g., the product needs to follow specific coding, or the front must have particular visuals. Physical distribution requires a much more significant investment and is riskier, and smaller developers can hardly get funding without the help of publishers.
2. Funding encompasses different types of starting capital for the developers. Traditional financing is most known as the process in which the developer receives a flat investment without other support. Such funds can be subsidies from the government or EU, developers' personal allocated funds, or other investments. Crowdfunding has also gained popularity, as Kickstarter is one of the options. The problem with crowdfunding is that the project or developer must already be well-known. The last funding option is advertising-based funding, where the advertisements are placed inside the game. This type of funding is most prevalent in mobile/smartphone-based platforms like Apple and Android.
3. Developing includes production, bug testing, feedback, and quality assessment to meet internal projections or platform requirements. Production and testing require much work, and managing these processes is essential. Some production and testing processes and project management can sometimes be outsourced to the platform or the publisher.
4. Support functions include localization, age rating, analytics, software development kits (SDK), porting, business support, life cycle management, and technical support. Localization means when game content is translated into different languages. Localization also involves translating and adapting the

content to local cultural norms as needed. Localizing the game in multiple languages inherently expands the potential for sales. Age rating needs specific documentation. Analytics help developers monitor gameplay, monetization, and retention. SDKs are usually designed for players to gather achievements and have the cloud-saving possibility of progress and other features. Business support is relationship management with different stakeholders, while technical support takes care of gamers' issues with the game. Sales, discounts, bundles, and other events manage the game's life cycle.

5. Communications include marketing strategy and objectives, press relations, community, live promotional events, and media management.

The author reckons that selecting digital platforms/gaming platforms/ publishers has similar decision-making processes. There is no "one-size-fits-all" solution, so when considering publishing, evaluating the time and resources your team will need to allocate to these other tasks is essential (Limpach 2020), which boils down to the point of how much of these tasks the developer or the studio wants to do by itself or how much or to what degree outsource to the platform or publisher. Including inception factors described by developers and Lipach's five factors, the author proposes the following framework for what smaller game developers and studios should consider when selecting a digital game distribution platform (Figure 4):

Types of Developers

Game developers are often categorized into first-party, second-party, and third-party developers in the gaming industry (Nanou, 2021):

Companies like Sony and Microsoft, which own specific gaming platforms, may have studios dedicated exclusively to their platforms. These studios are called first-party developers and are tasked with creating titles exclusively for that platform, resulting in high-quality or extra-expensive (AAA) games.

Companies also have the option to collaborate with studios without acquiring them entirely. A second-party developer may function as a partial subsidiary or have a contractual agreement with a platform holder. This arrangement typically affords more flexibility and potential for profit.

Third-party developers are independent studios and developers. They have the most freedom and can select the gaming platform they want to work with.



Figure 4. Rough Framework idea for platform/publisher selection factors before interviews

The objective is to choose a platform that meets business needs and optimizes return on investment. Therefore, businesses should thoroughly investigate the available platforms. Once all pertinent information is gathered, businesses should compile a detailed list of each platform's strengths and weaknesses to identify the most suitable options and then proceed confidently to determine the optimal platform for their requirements. (Cheng, 2023)

3 Methodology

This part of the thesis details the research design and methodology, including the rationale behind the selections. The research design and the philosophical principles underpinning them will be addressed. Data collection and analysis methods are also introduced. The author will also discuss the research process in terms of its validity and reliability.

3.1 Research design

For scientific activity, it is imperative to identify the fundamental philosophical assumptions (Silverman, 2016; Erikson & Kovalainen, 2016). This thesis, aiming to unveil fresh insights into platform creation, platformization, and their impact on smaller stakeholders, delves into these topics' subjective and socially constructed nature. It embraces a multitude of viewpoints that interpret and scrutinize the world and its stakeholders. Consequently, the primary discoveries are examined through an interpretive lens. Entrepreneurs and consultants encounter diverse situations, which the researcher can qualitatively explore through interpretivism to yield innovative insights (Leitch et al., 2010). Establishing direct communication with such specialists and grasping their interpretations are crucial facets of the interpretivism paradigm, contributing to a dataset rooted in real-life experiences and existing literature. Thus, the resulting empirical data stems from the specialists' experiences and the researcher's comprehension and theoretical interpretation of the observations (Yin, 2011; Erikson & Kovalainen, 2016).

3.2 Methodological approach

As this thesis aims to explore the impact of the growing platformization of the gaming industry and how it is happening, a qualitative methodology was deemed most appropriate. Qualitative research is well-suited for understanding complex phenomena, aligning with the thesis objective of comprehending the processes tied to the topics.

Case studies and interviews were employed for data collection as they offer a comprehensive, contextually rich understanding and enable the derivation of multifaceted conclusions. According to Creswell (2012), case studies involve analyzing activities or individuals over time with detailed, in-depth data drawn from various sources. Additionally, case studies are frequently employed in business research because they can present complex business issues practically (Eriksson & Kovalainen, 2016). While findings from semi-structured interviews may not be generalizable, they provide insights that may not have surfaced with entirely predetermined questions. Allowing interviewees to articulate their perspectives in their own words enables the author to identify the positive and negative sides of the platformization phenomenon.

However, it is essential to acknowledge the limitations of qualitative data, such as the challenge of generalizability. Nonetheless, the strengths of the methodology outweigh its weaknesses. Qualitative data are adequate for uncovering insightful findings in underexplored areas.

3.3 Case and Interview selections

As this thesis is about platformization in the gaming industry, the cases selected for this desk research part are from the industry's most prominent digital platforms. Criteria were as follows:

1. They are digital platform holders in the gaming industry.
2. They work internationally, including with Finnish developers.
3. They are large and well-known companies.
4. They are one of the most prominent in their segment.

Companies that fulfill these requirements are PlayStation, Xbox, Nintendo Switch, Steam, Epic Games Store, Android, and Apple iOS.

For the interviews, the author directly contacted 20 different Finnish companies that could be relevant to the thesis, attended a game developer event in Helsinki, and worked

out personal contacts. Amusingly, though maybe not surprisingly, the best approach was through personal contacts and acquired connections through the event. The resulting interviewees are as follows (Table 1):

Interviewee	Title	Current company	Platforms	Industry experience	Duration	Date
Anton Laihi	CEO and founder	Independant (no name yet)	Steam	5 years	28 min	8.5.2024
Maria Maunula	Lead Senior Producer	Supercell	Mobile	6 years	24 min	10.5.2024
Sahin Cengiz	CEO and director	Red Stage Entertainment	Steam & Epic Store, also porting to consoles	10 years	47 min	15.5.2024
Esko Majjala	Indie game generalist: Writer, Director, designer. Board member	OTE (One Trick Entertainment)	PlayStation, Steam, Epic Store	5 years	37 min	20.5.2024
Jukka Hiltvonen	Publishing Director	Nitro Games	Mobile	13 years	23 min	20.5.2024
Teemu Haila	Co-Founder & CPO	Metaplay	Mobile	20 years	75 min	22.5.2024

Table 1: Information on interviewees and interviews.

3.4 Data collection and analysis

As this thesis is partly desk research and partly interviews, the desk research data will be first and then will proceed to interviews based on collected desk research. Understanding the scope of the master's thesis, the limited number of selected companies for the research seemed acceptable. Flick & Uwe (2017, p.244) point out, "By focusing on depth, researchers sacrifice breadth, whereas focusing on breadth precludes depth." In qualitative research, informal analysis is conducted concurrently with data collection (Eriksson & Kovalainen, 2016). This process, known as iterative, involves the researcher oscillating between newly collected data and immediate analysis, which is crucial for navigating through interviews and shaping additional questions based on the received information.

The author scoured existing published material for the desk research, including articles, company pages, forums, and data collection from NGOs and government organizations. The gathered information was reviewed and compared with different sources, and the results were checked to ensure they were relevant to the thesis.

The interviews were semi-structured and relatively informal. The questions were open-ended and varied from broader specter to more specific topics to keep the discussion as natural as possible. The interview questions can be found in appendixes (Appendix 1). The interview's target length was around 30 minutes, ranging from 23 to 75 minutes. All interviews were recorded with permission. Subsequently, the recordings were transcribed verbatim into text format, either utilizing specialized software or transcribed manually. The interviews targeted Finnish entrepreneurs and specialists working in the gaming industry. To avoid informant bias, the author gathered an appropriate number of interviewees for a work of this scope. The final number of interviewees was six professionals from the field with varying experience and positions in companies that focus on different platforms.

Data from semi-structured interviews was transcribed and compiled into tables for easy comparison. The table was structured with interviewees in columns and interview questions in the rows below, which gave a good view of the similarities and differences between the interviewees. Following this step, the consistent patterns and observations across the table were categorized into similar themes using the data analysis guidelines outlined by Eisenhardt (1989) and Yin (2003). Subsequently, the gathered data was compared to the insights gleaned from the theoretical background literature. Finally, conclusions were drawn based on these observations.

3.5 Research reliability and validity

As in every research endeavor, it is essential to consider the reliability and validity of the study, as they pertain to the 'objectivity and credibility' of the research (Silverman, 2016, p.414). Reliability implies "the extent to which your data collection methods or analysis procedures will yield constant findings" (Saunders, Lewis & Thornhill, 2019). Saunders et al. (2019) have outlined three questions that define the trustworthiness of research: 1) will the measures yield identical results on other occasions? 2) will other observers reach similar observations? Moreover, 3) is there transparency in how sense was made from

the raw data? To address the trustworthiness of the research, the author gathered data for the desk research and interview parts from as many varying sources as appropriate for this kind of work. While separate data points may significantly differ, the author believes that averaging the outcomes will bring consistent results as in this work. How data was made sense of is shown with tables of gathered data.

Saunders et al. (2019) have also identified four threats to the reliability of research: 1) participant error, 2) participant bias, 3) observer error, and 4) observer bias. Additionally, Golafshani (2003) suggests that trustworthiness and quality should be paramount to ensure reliability in research. However, Golafshani (2003) further argues that quality and reliability may be somewhat irrelevant in qualitative research. This is because, as Saunders et al. (2019) point out, qualitative research is rooted in individual perceptions, making it uncertain whether identical results would be obtained if another researcher were to replicate the study. This study is too tiny to address participant error as the participants gathered adequately were all random, and most of what the author could gather overall. To avoid participant bias, the selected interviewees had diverse backgrounds. They were asked to present their ideas freely (the author insisted on the importance of unbiased responses), the questions asked were crystal clear and clarified if needed, and the discussion was kept as natural as possible. Observer error and bias were avoided by recording the interviews and keeping an unbiased mind, as the author was also interested in the proper results.

Research's validity concerns if the findings are what they appear to be in reality (Saunders et al., 2019). As in reliability so in validity, Saunders et al. list potential threats: 1) testing, 2) history, 3) instrumentation, 4) mortality, 5) maturation, and 6) ambiguous direction of cause. As this work relied heavily on interviews, it is important to consider if interviewees expressed their opinions independently or if they were affected by the interview itself (Silverman, 2016). The author believes in the validity of this work. The thesis used appropriate measurement methods. The sample group of interviews was inherently random and represented the population structure in the Finnish game

development community, with consideration of the work's scope quite well. The interview environment was also kept as standardized and unintrusive as possible, allowing the participants to express their experiences and keeping the effect of the interview situation as minimal as possible.

4 Findings

This section introduces the case companies and the findings from the desk research and the interviews.

4.1 Platforms in the Gaming industry and their emergence

Morris (2023) comprehensively lists the most well-known gaming and distribution platforms in the gaming industry that confirm the author's research:

1. PlayStation
2. Xbox
3. Nintendo Switch
4. Google Play, Android
5. Apple App Store, iOS
6. Steam
7. Epic Games Store

These companies can be divided into three categories: console (1.-3.), mobile (4. & 5.), and PC games (6. & 7.). According to Newzoo's Global Games Market Report 2023 (2024), games revenue was \$184,9 Billion in 2023. Mobile games had 49% or \$90,4 Bn, console games 29% or \$53,2 Bn, and PC games 21% or \$38,4 Bn. The last 1% (\$1,9 Bn) was browser PC games.

When digital platforms in the gaming industry are referred to Ailisto et al.'s matrix of "Quatrality of platform types" (Figure 2.), it is apparent that they all would be placed in the innovation platform category as they facilitate different stakeholder content creation, offering, and maintaining complementary products using centralized frameworks and operation rules. At the same time, customer relationships are managed exclusively by platform holders.

When considering Parker et al.'s framework for Core Interactions of these platforms, they appear to be similar on all these platforms: These platforms represent a digital library of content where users can browse and discover different value units and interact with them through physical devices like mobile phones, computers, or consoles.

The move towards GaaS (Games-as-a-Service) seems to be gaining popularity in some cases (Subscription model).

4.1.1 PlayStation

Sony is known for its electronics manufacturing and also for manufacturing parts for other consoles before introducing its console. Sony's PlayStation emerged with its first console, PlayStation 1, for the first time in 1994 in Japan and 1995 worldwide. PlayStation was born as a physical gaming platform that allows gamers to play purchasable games. It started as a traditional pipeline business, producing and developing games and attracting other creators for their consoles. PlayStation's journey into a digital platform was a strategic response to changing consumer preferences and technological advancements. It began with integrating online connectivity in consoles like the PlayStation 2 and 3, which laid the groundwork for digital distribution. The launch of the PlayStation Store in 2006 was pivotal, providing a centralized marketplace for digital games, DLC, and multimedia content. This shift towards digital distribution was further bolstered by the introduction of PlayStation Plus in 2010, offering subscription-based services with free games and exclusive discounts. Additionally, Sony ventured into cloud gaming with PlayStation Now, enabling players to stream games directly to their devices without needing physical media or high-end hardware. (Simons, 2023)

Now, PlayStation is a complete ecosystem with dedicated hardware and software development; it also offers social and networking opportunities for the users. In addition to holding gaming and game distribution platforms, PlayStation has its first-party studios and a vast network of second-party developers. It also offers publishing and distribution

services like marketing, development support, and other tools. According to their sites, they also support third-party developers. (PlayStation, 2024)

PlayStation's way of becoming a digital platform follows a typical developed-into-digital, or, as the author calls it, outside-in case. They digitalized their ecosystem by Leveraging their existing physical device, networks, services, content, and customers. Using Parker et al. eight strategies to escape the chicken-and-egg problem, PlayStation used the "follow-the-rabbit" strategy, leveraging its well-established ecosystem and reputation to get established digitally in the quickest order.

4.1.2 Xbox

Microsoft was already a powerful software house before it decided to challenge PlayStation in the console gaming industry. Microsoft feared that PlayStation would challenge Windows as a productivity and entertainment platform by expanding the gaming platform to become the center of the home (Takahashi, 2011). Xbox was released in 2001 in the United States and 2002 worldwide. As one of the largest open platform holders, Microsoft's console was a successful diversification attempt to counter PlayStation's influence. Similarly to PlayStation, Xbox's transformation into a digital platform unfolded through strategic advancements and innovations. Initially, online connectivity became a cornerstone, with features like Xbox Live enhancing multiplayer experiences and laying the groundwork for digital distribution. The pivotal launch of the Xbox Live Marketplace with Xbox 360 consoles in 2005 provided a centralized hub for purchasing and downloading games, DLC, and other content directly to consoles, marking a significant shift towards digital distribution. Microsoft's subscription-based services played a crucial role in solidifying Xbox's digital ecosystem.

Xbox Live Gold offered multiplayer features and monthly free games, while Xbox Game Pass provided access to a massive library of titles for a flat monthly fee, including first-party releases on launch day. These services and the Xbox Store's expansion emphasized convenience and accessibility for players seeking digital content. Cross-platform integration further expanded Xbox's digital reach. Initiatives like Xbox Play Anywhere and

Xbox Cloud Gaming enabled seamless access to digital content across multiple devices, including Xbox consoles, PCs, and mobile devices. (The Verge, 2021)

Similarly to PlayStation, Xbox is a complete ecosystem that interconnects with Windows. Microsoft does not directly work as a game publisher, but through significant investments, they have acquired some of the largest publishing and developer houses like Activision Blizzard Entertainment and Bethesda Softworks. They also have large first-party studios and a network of second-party developers. Their platforms also support third-party publishing with large databases of knowledge and tools. Like PlayStation, they can support commercial and development functions like marketing, testing, project management, and other tasks. (Xbox, 2024)

While Microsoft's angle differs from that of PlayStation, it still follows the same principles of outside-in digitalization of existing services and products into digital platforms, at least regarding game distribution. Similarly, the strategy aligns with the "follow-the-rabbit" strategy, which appears to be the default case in significant developed-into-digital cases.

4.1.3 Nintendo

Nintendo's history is much longer. The company started producing playing cards in the late 19th century. The first video games by Nintendo were created in 1972, starting with arcades, then the first home systems like NES in 1982, and the first handheld systems in 1989. Currently, Nintendo dominates the handheld gaming console market with its Nintendo Switch. Nintendo also has subscription options, but it does not give access to the library but only to the online and cloud services. As in both previous cases, Nintendo's transition into a digital platform was a methodical process marked by strategic initiatives and technological advancements, and the establishment of Nintendo eShop enabled users to purchase and download digital games directly to their consoles, reducing reliance on physical media. Nintendo's subscription service, Nintendo Switch Online, offers subscribers access to online multiplayer gaming, cloud save backups, and a growing collection of classic NES and Super NES games, but does not give access to the

whole games library as PlayStation or Xbox does. Also, as a gaming platform, Nintendo is much weaker than its counterparts, Sony and Microsoft; therefore, its games do not chase the best graphics but focus on giving a hybrid experience through the Nintendo Switch console, allowing seamless transitions between handheld and home system modes. (Freeman-Mills & Fox, 2024)

According to the Nintendo Developer Portal, they support third-party developers with tools and promotions inside the platform, but unlike Sony and Microsoft, Nintendo's developing and marketing functions support is otherwise severely limited. Nintendo seems to focus more on their first-party and second-party developers, publishing fewer new games per year but improving their longevity with updates and DLCs. Technically, Nintendo still has the most extensive game library of the three consoles because of its extended history and backward compatibility for older games on new devices (Roy, 2023).

Nintendo's approach was similar to that of previous consoles; it transformed from a traditional pipeline business into a game platform holder and a digital game distribution platform. Therefore, the strategy used is the same "follow-the-rabbit" concept that is familiar to the previous two platforms.

4.1.4 Google Play, Android

In 2003, Android OS was being developed for cameras, but as the stand-alone camera market was declining, it was decided to target mobile phones instead. In 2005, Google Inc. bought out the startup behind Android OS. On November 5, 2007, Google unveiled the formation of the Open Handset Alliance, a coalition comprising numerous technology and mobile phone firms. Members included Intel Corporation, Motorola, Inc., NVIDIA Corporation, Texas Instruments Incorporated, LG Electronics, Inc., Samsung Electronics, Sprint Nextel Corporation, and T-Mobile (Deutsche Telekom). The primary objective of this consortium was to collaborate on the development and advancement of Android, an open-source operating system designed to support third-party applications. (Callahan, 2023)

In 2008, Google launched the Android Market as a platform for users to download apps and games for the newly launched Android operating system. The store incorporated support for paid apps in 2009, initially in the US and UK, and expanded to additional international markets in 2010. Additionally, the Google eBookstore was introduced in the same year. In 2011, Google Music debuted, and the Android Market extended its offerings to include books and movie rentals in the US. In the current image, Google Play became available when they merged all these stores in 2012. (Callaham, 2017)

It is safe to say that Google Play was born digital as a part of the open Android platform, i.e., this is an inside-out case, as the author calls it. As the platform was beginning to be used on smartphones of such giants as Samsung and LG, the future of the platform looked great. The problem was that it was a free, open platform; therefore, Google would get hardly any revenue from direct use. Google's idea was to monetize the applications and generate revenue from the digital platform's content. The problem was that there were no users and no content, so Google incentivized developers to produce applications for Google's Store; it offered \$5 million prize money for the best applications in ten categories. As Developers flooded the store, the customers followed high-quality applications. This strategy is called the "seeding strategy" by Parker et al. (2016).

As a game distribution platform, the Google Play store has extensive open-source tools and analytics for developers. Google provides SDKs (software developer kits) and helps with releasing and reviewing. Developer registration requires a small fee, but publishing games is free; Google takes a cut of the revenue. While Google Play helps with technical issues and even promotes the product through the platform, it does not provide help with other commercial tasks like marketing. (Google, 2024)

4.1.5 Apple App Store

When Apple decided to crash the party called the mobile phone market, Apple was already known as the producer of personal computers and portable iPod music players. When Steve Jobs announced the iPhone for the first time in 2007, there was no planned application store for the device; instead, applications were supposed to be created using Web 2.0 and Ajax without SDKs, and they would behave natively on the iPhones. However, this changed when Apple announced its SDK for its new devices later that year. So Apple's App Store emerged in 2008 with the newly released iPhone 3G. (Winkelman, 2018)

When the App Store was released, it had only 500 applications made by Apple and developers who believed in the platform's success (Winkelman, 2018). When it was successful, other developers flooded the market to develop applications for the following still unreleased iPhone 3GS. From escaping the "chicken-and-egg" problem perspective, Apple could be considered using two strategies: the "follow-the-rabbit" strategy leveraging the company's previous track record and the "piggyback strategy" connecting existing users of Apple computers. The App Store has over 1.8 million applications (Winkelman, 2018).

From a game development perspective, the App Store is similar to Google Play's digital distribution platform. Apple provides a developed SDK for all needs, with built-in powerful APIs (Application Programming Interface), provides promotion inside the App Store platform, and gives technical support, but does not help with commercial publishing tasks. To test applications, receive technical support, and distribute apps through the App Store, developers must enroll in the Apple Developer Program. The program costs \$99 per year. Developers have several options for monetizing their applications. The "Free Model" offers free app downloads, increasing the likelihood of user engagement. The "Freemium Model" provides free app downloads with optional additional features for in-app purchases. The "Subscription Model" allows for ongoing monetization through renewable transactions. The "Paid Model" demands users to pay

for app downloads upfront, with no additional features offered. Less commonly, the "Paymium Model" combines paid app downloads with paid in-app content. Like Google, Apple takes a revenue cut of 70/30 and later 85/15 if the developer is subscribed to the Apple Developer Program for over a year. (Apple, 2024)

4.1.6 Steam

Valve's (the company behind Steam) idea started by providing service for more fluid patches and updates for their online PC games because gamers were automatically disconnected when updates were rolled out, and it kept them out of playing sometimes for days. Additionally, it was an attempt to curb cheating and provide easier access to other content. Valve approached some large corporations, including Microsoft, with a proposition for a service with these features, but the proposal was declined. Valve started working on its platform in 2002. In 2003, Steam client was released as a server-searching and player-connecting platform for their games. The Steam received a storefront when it published Half-Life and required everyone to register, purchase, or activate the game's physical copy on the service. Despite technical problems, Valve games were so popular that the platform started amassing users. The final evolution into a digital distribution platform started when Valve began to sell other games on its service. (Wilde & Sayer, 2022)

Currently, Steam is the largest PC-based digital platform; according to Konvoy venture capital firm's report (2021), Steam is estimated to have a 75% market share of all digital game sales on PC and 132 million monthly active users. Steam also represents the largest and most comprehensive gaming-oriented social platform, with user reviews, personal pages in social media style, a Steam workshop for player creations, and a marketplace for trading in-game content for real money. Valve has also dabbled in other segments, with Steam Machine attempting to challenge PS and Xbox, Steam OS challenging Windows, and the latest successful undertaking, PC complementary device Steam Deck, to challenge handheld consoles like Nintendo Switch. (Wilde & Sayer, 2022). Also, according to Limpach (2021), Valve monopolizes indie game sales for the PC market.

The author reckons Valve used a "single-side strategy" to escape the "chicken-and-egg" problem. The strategy focuses on gathering one side of the demand-supply curve and then extends the invite to the other. As developers of critically acclaimed games like Counter-Strike and Half-Life, Steam gathered many users for the platform and opened the doors to other developers tempted by large potential audiences.

From a developer perspective, Steam offers a set of tools and services that assist game developers and publishers in building and selling games on its platform. Tools and Services include, among others, platform and sales analytics, a platform promoting, vast distribution server networks, Steam playtesting of games, fraud prevention, conversion tracking for marketing, piracy prevention, automated build processes, development kits, integrable gameplay features, and curator connections. Overall, it is straightforward to publish games on Steam, but Steam takes a 70/30 revenue cut for its services. (Steam, 2024)

4.1.7 Epic Games Store

Epic Games, Inc. is a large video game and software developer and publisher in Cary, North Carolina. Initially founded by Tim Sweeney as Potomac Computer Systems in 1991, the company has since evolved into one of the leading entities in the gaming industry. It has developed a market-leading game graphics engine, Unreal Engine, and one of the most popular and successful current games, Fortnite. The company expanded into the digital distribution sector, introducing the Epic Games Store in 2018. Serving as a platform for PC games, it competes directly with Valve's Steam. The Epic Games Store distinguished itself by providing developers a more significant profit share (88% compared to Steam's 70%) and periodically offering free games to users. With the EGS profit share strategy, Steam was forced to reconsider some terms for high-hitting developers. (Augusto, 2023)

Epic Games Store (EGS) selected developers rather than gamers as their core strategic audience. From its public announcements, EGS does not intend to expand the platform to be more socially interactive for gamers, nor does it include features like forums, user reviews, and other features that Steam has. From a strategic point of view, EGS could be seen utilizing several different strategies to attract an audience; "producer evangelism strategy," attracting producers that already have a certain following; "marquee strategy," by giving away free games and content to attract customers; and, traditional push marketing "big bang adoption strategy" by being very forceful in its marketing. Despite all these attempts, after five years, EGS still does not appear profitable (Yin-Poole, 2023; Pureza, 2023). The author wonders if EGS has a misaligned core audience as the main reason for its struggles.

From the developers' point of view, EGS as a platform provides clear advantages compared to Steam: 88/12 revenue share, support-a-creator program, and extensive publishing support in technical and commercial matters. (Epic, 2024) On the other hand, the longevity of EGS service is under question as to how well it can retain the audience without properly addressing gamers' preferences.

4.2 Interviews

The interviews were conducted in two main parts: the effects of platformization and platform/publisher selection. Platformization effects were examined through the eyes of smaller developers, including questions about situations with self-publishing or making their own store, competition, and platform dependencies. The second central part was about platform selection processes, publisher criteria, what is sought from publishers/platforms, and issues related to multi-platforming.

4.2.1 Platformization effects

The consensus among interviewees seems to be that, while there are downsides to using the platform, there does not appear to be a significant reason not to use platforms, and

platformization is generally beneficial for smaller studios and developers. For example, Maria Maunula says digital distribution platforms help developers reach wider international audiences and get the products out there: “Especially in the mobile market with App Store and Google Play, you can reach tens of millions of players daily.” The distribution platforms simplify money transfers and distribution, facilitating different policies like customer returns (Maunula). Jukka Hilvonen adds that platforms generally make the industry more organized, and specific algorithms and editorial features help reach relevant customers much more quickly. Sahin Cengiz says there is, without a doubt, an increased tendency in the industry to release games at least on one of the big platforms and a decrease in self-publishing without the platform. However, according to Cengiz, the situation is beneficial for developers, and rather wished it was even more centralized:

“I think, in general, it is a good thing that there are centralized places to get things, and to a degree, it would be great if it was even more centralized. In the sense that developing a game is always harder, the more platforms you have to think of. So, let's imagine a world where there was only one console, and that is where all the games were on this one. One system that would make developing much easier because everyone would know exactly what the specs are for that console and would have the same systems for just kind of getting a game on a platform.”

While Cengiz’s idea sounds nice, the author, leaning on doubts the ending result for this kind of situation would be ideal for developers as a monopoly of one platform would give too much power to the platform holder, which would start dictating terms, and there would be no other ways than to follow them in lack of any other options.

For downsides, the interviewees seem to be more concerned about the significant pay cut that the platforms take, but the cut does not appear to be as significant as the benefits that the platforms bring. Maria Maunula also mentions data-related challenges like protecting and controlling data. Esko Maijala adds, “The Negative side is that your game opens to competition inside the platform, and the bigger the platform, the more games it has from around the world,” which means that while developers get access to the global market, so do all other competitors, and it is the customers that matter in the end with their decision.

“Steam, for example, is very competitive because people throw games there every second. You just want to get your game out and get it seen by other people, and if those people do not see it immediately when it comes out, it is already under a pile of 1000 new games that were released.” (Sahin Cengiz)

Continuing from a competition standpoint, while platforms sometimes help with algorithms and features like recommendations for players to find games that they would probably like, the situation is still generally that platforms do not help with the game's general visibility, but rather it still depends on the developers' or studios' marketing efforts:

“We live in a world where the platforms do not solve your discovery for you. It just means that you need to be able to solve your own discovery on your own, which means you need to show ads. So, the playing field is way more level in the initial access to the platforms; it is just so thoroughly saturated. There's an infinite number of games there, but nobody stands out. So then it is about competing over the ads, and unfortunately, that market is a 0 sum game where there are only so many ads to be shown at any given time”. (Teemu Haila)

This especially seems to concern smaller developers and studios that have no resources to upkeep large marketing campaigns:

“Competition on the platforms is quite fair, but marketing and user acquisition is where smaller companies struggle. For example, the Facebook market, the Unity market, and all other places where you display ads are competitive and require heavy investments. It also comes down to your graphic assets. You have to test your icons and test what works for the audience. You have to sell your product, and you have to optimize your storefront like you would any web page or marketing materials.” (Maria Maunula)

The situation is initially fair, however, it puts these smaller developers in a position where they need to explore alternative ways to acquire visibility and reach the audience. “On the Steam side, it can be a bit easier using different strategies like early access and wish listings (Jukka Hilvonen).” Some platforms, like Steam mentioned here, have mechanics to enhance games' visibility on the platform and put them in trending games or on the front pages, but it is still a fight against the odds:

“Steam is the biggest marketplace for games, but the downside of Steam is that it is also a flea market of video games. There are hundreds, even maybe thousands of games coming in there on a daily basis. Anyone can put a game there, which is good, but the harsh fact, a mathematic fact, is that if you do not have enough wish

lists on your game when you launch your game on Steam, it will get drowned. If you do not get any visibility for the game, it will get drowned under all the other bigger titles that have put hundreds of thousands or even millions into marketing.” (Esko Maijala)

Jukka Hilvonen adds that on the mobile side, the environment is quite similar to the general situation in the industry; it is almost impossible to succeed without good marketing.

When interviewees were asked about self-publishing without the platforms, for example, by establishing their stores, the common opinion was that there is no technical problem in doing that, but rather, why should they bother to do it?:

“It is not incredibly hard, but that needs a lot more company-related paperwork. It is a kind of business thing and depends on where you want to go as a developer: focus only on games or also take care of the business overall. If I were an indie developer now releasing a game, I would not even consider releasing it without a platform.” (Maria Maunula)

In addition to increased paperwork and business-related complications, the issue is also that the developer puts themselves into a disadvantageous situation just by this one decision since the majority of the customers still would rather enjoy the convenience of larger platforms:

“Currently, most people use Steam on their PCs, so that is the logical place to put your game on. And, if you do want to put it on something else, let's say an utterly independent platform or just giving your game out on other marginal platforms, you will have a smaller audience, and a smaller amount of people are even able to find your game, so the limitation is instantly there. Moreover, it is not regarded as a successful company until it increases that revenue all the time. Nothing is stopping you from publishing without the platform, but I think the reality is that it would not sell a lot because all these platforms exist. We, as humans, are very lazy and want centralized places to get our stuff. I fear that it is impossible not to use one of the primary platforms in modern times.” (Sahin Cengiz)

In addition, there might be issues with managing locations where developers want to put their games:

“No one is stopping you, but platforms manage all issues you would otherwise manage personally between international stakeholders. Separate countries might have different regulators that control their respective country” (Esko Maijala)

An exception to the futility of store creation seems to be already significant developers that have strength and influence in the industry that platforms cannot apply force or bully them off since they would also be losing on the way:

“Well, I think there would be a reason for a bigger company. So, if you are big enough like Supercell or Rovio, building your own store might be a good strategy. A few larger companies have seen quite a success in building their payment system and circumventing platform webshops to drive the players to make the in-app purchases over their own store instead of directly in the game. Usually, third-party distribution is not allowed on the platforms, especially on the Apple platform, but this might change. New EU law forces the platform holders to open mobile platforms, but it is still such a new concept that it is too early to say how it goes. (Jukka Hilvonen)

This is still out of the question for smaller developers. Even though the industry is changing with new regulations, smaller studios are not the ones that will benefit from this, at least not at first:

You need to figure out your marketing one way or another, and being self-published basically means that you are building your own marketing talent. You will need to figure out who and how and maybe figure out the funding, too. Unfortunately, it is insanely hard for indies to deal with, and it could be an existential business risk to make games like this. If you figure it out, then maybe those ads take players to websites instead of taking you to the App Store. That might even be possible nowadays, but that is new overall, as the legal framework around these things has been shifting only recently. Of course, I am talking about the EU act enforced earlier this year, which has forced Apple and Google to accept alternative payment providers and even alternative app stores on their platforms. (Teemu Haila)

This situation seems to bring developers into exciting situations when they have to join a platform to remain competitive, which raises the question of whether developers and studios, especially smaller ones, depend on these global platforms in the industry. As from the answers above, it is not necessary to join the platform; there are still options for publishing independently. However, from a success perspective, the interviewees do not seem to find any significant reason not to, as the platform takes care of many commercial and technical things that benefit smaller developers:

“In the mobile market, you must work with platform holders to succeed. Platforms validate the actors on the platform so the users are safe. Developers also benefit from the technical side, such as distribution, servers, data, privacy, money traffic, etc. You probably would not trust an app that your friend dropped into WhatsApp and said download this from the Internet. Platforms take care of this kind of trust issue.” (Maria Maunula)

Cengiz argues that developers are dependent on any single platform, but it still holds in general terms because smaller developers do not have enough resources for everything:

“From a business standpoint, small platforms will not have those people there to get the big numbers and many people to your game. While you are not necessarily tied to any single platform, you still generally depend on them to take care of nifty things that you yourself probably do not have time or resources for.” (Sahin Cengiz)

Jukka Hilvonen and Esko Maijala both confirm that for smaller developers, it is imperative to use platforms since it is the most effective way to reach the audiences:

“Dependent, for sure. I think that is the usual way to go. No company thinks it can get the audience it needs by distributing the game through its website or operations. So you definitely need a platform to distribute the game.” (Jukka Hilvonen)

“If you want to hit big numbers with the least effort, you need to use these digital platforms. In a sense, you are pressured to use them if you want to succeed.” (Esko Maijala)

Teemu Haila approaches the question from another point of view; according to him, the gaming industry has always been dependent on distribution platforms :

“In most organized societies, you get more economies of scale by having a dedicated shop that has not just one product and your products, but it is more like aggregating a bunch of products from somewhere else. This just makes business easier for everyone. Before these big digital platforms, this role was fulfilled by big chain stores and dedicated game stores like Game Stop.”

Therefore, it could be considered that the only thing that changed was that it became digital, and what we see now is digitalization and centralization of the industry into large global entities. The only change is that smaller studios can distribute their products more easily than before with less risk (because physical copies are risky) and fewer resources.

So, it confirms the fact that the gaming industry is heavily leaning toward digital distribution platforms.

“If, again, with digital platforms, we say Apple App Store, Google Play, and so on. Absolutely, because for the overwhelming majority, it is necessary to use the platforms. If I were to find a game studio today, I would probably make it my mission to make the game available outside of those platforms, even on mobile. However, I am not 100% sure how well that would go. Nevertheless, otherwise, industry is most likely completely dependent.” (Teemu Haila)

4.2.2 Platform and publisher selection

When selecting a game distribution platform, it is apparent that developers need to think about the gaming platforms that are often connected with the distribution platform. When choosing the platform, developers need to think about countless things, and the bigger the organization, the more complicated the thinking process is. Representative of the smallest organization from all the interviewees, Anton Laihi, depicts their selection process as follows: “We are developing a strategy game, a genre that is well-liked by Steam users. It also fits the PC platform well; therefore, Steam is the best platform for our game.” Another interviewee who favors the more basic approach, Cengiz, adds:

“There is a slightly more evident divide, so the people who like Nintendo games have Switch, and Switch gets mostly the kind of games the people on Switch expect to have. If you like story games, you get a PlayStation. I am not saying that Xbox and Switch do not have story games, but if you like cinematic narrative games, PlayStation is home to all those games. So it feels like it gets clearer with the consoles rather than with Steam and Epic and whatnot.” (Sahin Cengiz)

Maria Maunula, from Supercell, a company from the opposite side of size-spectre, describes the thinking process as follows:

“It depends a lot. So, let's say I was a new start-up charged with building its first game. I would need to have a solid vision for the game, not just for the game but also where I see market potential. What is my company strategy? Will I be a cross-platform company? Will I be mobile only? Will I be a PC or console, and what kind of people do I hire? Where would this game work the best? What is the competition situation?”

So there is no simple answer to this. There is much risk for the company, so there should be much research and thinking about strategy and market potential before you even start the development. So, it is not just a game strategy, but potentially your whole company strategy for years.” (Maria Maunula)

Jukka Hilvonen emphasizes that the goal should be overall growth and that these questions should be included in the overall strategy of the organization:

It depends on the company's strategy overall. It dictated where to focus and how decisions are made. Of course, internal competencies are considered, such as what they are good at and what kind of reserves they have. But then they also look at where the market is going. How do the different platforms develop? What are their predicted revenues in the coming years? Are there any regulations that will most likely affect the competition or the suitability of marketing? Those kind of things. Overall, I would consider it a corporate strategy. What is the plan for achieving growth? (Jukka Hilvonen)

Sometimes, there is no choice; if the developer seeks investments or has a publisher, they might be forced to participate on a platform according to the contract or investor’s wishes. Sahin Cengiz, whose company participates on multiple platforms:

“If you are working with a publisher, they tend to want your game on as many platforms as possible. Our Publisher organized funding so that there are ports to several platforms. If we were independently releasing, I do not think we would have spent our money to get it on all of these platforms. We would have probably been very focused on getting it on Steam because that is just the base-level platform on PC, and then possibly move it to PlayStation. It's the most fitting place for our game.” (Sahin Cengiz)

Another representative of a multi-platforming company, Esko Maijala, says that platform and publisher dynamics can be pretty complicated and decision-making processes intricate:

With a publisher, it is not that black and white. They work in a way that they want to get as much visibility for the game, of course. And to get it to multiple platforms, they also need to make deals themselves. So, the publisher could make a deal with Xbox and try to get money from them, and Xbox, in return, could demand exclusivity for their platform. Hardware questions are also considered. The game could come on, say, PS5 only in Europe or the United States. How about Asia? How about Australia? They have this big picture. They have connections to people worldwide, and they try to negotiate it. I know they have much more complicated thinking processes. Bigger studios think it deeper than smaller ones.” (Esko Maijala).

Teemu Haila almost reiterates the previous replies as traditional approaches but adds an interesting example from a different case, which leads to interesting thoughts about resource allocation, the importance of research, and the experimental mind:

“You could traditionally approach this or think it differently from a business perspective, an approach where you have less competition for customers’ attention. I have a friend who has published multiple console games and has owned an AAA studio, so he knows what is up. Nowadays, he is making an indie game, a one-person game for the Playdate console made by Panic, which has sold around 30,000 units. Black and white screen, you know, this is super in the niche. He is making a game for that. Why? Well, because he identified that that platform has very little competition in high-quality games. So if he makes it as a solo person, which, first of all, could be fun, but second of all, it is likely to do pretty well. So he has many ideas that he might want to work on, and then he evaluates them from the sort of business availability point of view. Then, the platform is almost like a side effect; this time, it happened to be Playdate.” (Teemu Haila)

Before discussing publisher criteria with interviewees, it should be said that getting a publisher is very hard; as Cengiz says, “For the majority of smaller developers, it is the publisher that selects you because you, as a developer, do not have many options and instead grab any available chance.” Teemu Haila expands that landing a publisher is probably months-long work of making demos, contacting dozens of publishers, and attending different exhibitions and events. For the criteria themselves, Haila encapsulates all the answers of other interviewees pretty well:

“The criteria for choosing a publisher is pretty much who can I get the most money out of with the terms that are acceptable to me, that is the criteria. Secondly, it is a business; it is a business relationship where the best terms win. Beyond that, it is about practical dealbreakers.” (Teemu Haila)

With dealbreakers, Haila means practical issues like when publishers do not work with specific platforms or countries or do not have the necessary infrastructure or skills to support the developer.

When considering the services developers seek from platforms or publishers, the interviewees seem to agree that companies often require help with the tasks they are

uncomfortable with, basically trying to outsource them to the publishers. Also, from the interviews, it seems that the more experienced developers are, the less they require outside services because they either know how to hire someone who can take care of it better or do it themselves, while the smaller teams often actively seek the services. These services include, for example, quality assurance, help with marketing, community management, global representation, or other business-related tasks:

“The two major things we think we would need are some extra funding to make the game more presentable and a helping hand with marketing. Moreover, I would also say that quality assurance is another thing that we would probably want to outsource if that were possible.” (Anton Laihi)

Beyond marketing and the provision of funds, developers seem to appreciate the expertise that publishers provide:

“Money is a big part of it, but more services are required, too. Nowadays, the platforms also give publishing services, e.g., there are Apple Arcade or Netflix games or whatnot that help with these things. So most often, it is all about the partnership; I would say specifically on mobile, depending on the deal, often as a game company, you know how to make a good game, but the publisher or the platform or them together knows how to market it, how to fund the marketing, how to handle the data, maybe even how to handle the live operational stuff.” (Maria Maunula)

Cengiz raises the importance of porting and developing support services:

“We consider the things that give us the most fair way to finish the game to be the most important, and money is a huge part of that. Publishers can bring quality assurance, money, Development funds, and localization services. Marketing is also critical, and then the porting to other platforms was done at the publisher's house. Throughout the whole thing, they are there, testing every milestone and giving that kind of internal feedback. Publisher people are testing it, giving feedback, and helping us move forward.” (Sahin Cengiz)

Esko Maijala describes the transformation of their thinking through experiences. He emphasizes the importance of the publisher's services and expertise since often, developers themselves do not know what they need:

“At first, we thought that money is the number one thing because money will make it possible for us to develop the game. What we then learned is that we suck at marketing, so marketing help was a big thing. Otherwise, we did not think that much about it. However, now we take high regard on publisher skills, like

localization. Will our game have seven different languages? What is the test feedback marketing in different countries all over the world? Then porting, who will do the technical porting of our game from PC to the console platform? What about our presence in the big game events around the world? How about community management? These are all things that we have come to learn during the process that are super important, and those are the things that we search and are looking for from the publishers because we only have 24 hours a day, and with a small team, we cannot do everything by ourself.” (Esko Maijala)

Jukka Hilvonen confirms that the requirements depend strongly on developers’ internal competencies and resources and argues that money is still the most important factor:

“We actually did a publishing agreement a few months ago. Things that are important in mobile are the business’s scalability and monetization or marketing. On the mobile, you need a lot of money to grow the game, which is the top priority. We often think about capabilities, so, especially for smaller developers, they usually do not have the money to put into the UI; additionally, they might not have the skills to do the marketing. It depends on the developer’s requirements, but I would say that the capital need is the strongest.” (Jukka Hilvonen)

Teemu Haila, in his answer, argues that publishers really matter in their expertise and services; as long as the funds are provided, developers can outsource any of the tasks they wish from freelancers who, in many cases, are even better than publishers:

“The amount of money is the number one business parameter. There are others, but money is 80% of the weight in decision-making because if the publisher does not pan out, there is no point in anything ever. Beyond that, development support services, like localization, porting, customer support, or anything you can think of, are just capital expenses. So we could get more money or get these services, but you would get the same result because they are somewhat interchangeable. You could get money and then get a freelancer or an outsourcing agency to figure it out. It is situational, but with money, you can get whatever else you need by buying it. So yeah, money is most important.” (Teemu Haila)

5 Discussion

The author discusses the findings, answers the research questions, and presents the updated framework in this part.

5.1 Desk research discussion

	PlayStation	Xbox	Nintendo Switch	Google Play, Android	Apple App Store, iOS	Steam	Epic Games Store
Platform Category	Console	Console	Console	Mobile	Mobile	PC	PC
Platform type	Innovation platform	Innovation platform	Innovation platform	Innovation platform	Innovation platform	Innovation platform	Innovation platform
History before platform	Big electronics manufacturer	Big software house	Long history in entertainment products	Software giant, technology coalition	Well known PC and handheld-device manufacturer	Well known game developer	Software, game engine and game developer
Transformation type	Developed-into-digital	Developed-into-digital	Developed-into-digital	Born-digital	Developed-into-digital	Born-digital	Born-digital
Strategies	Follow-the-rabbit	Follow-the-rabbit	Follow-the-rabbit	Seeding-strategy	Piggyback strategy & Follow-the-rabbit	Single-side strategy	Producer evangelism, Marquee, & Big-bang-adoption strategies

Table 2. Summary of platform holders and the path of their emergence

From the cases, we can surmise that some tendencies in the gaming industry for digital distribution platforms have similarities across the categories (console, PC, and mobile). This is especially evident in the first category, consoles, where we have PlayStation, Xbox, and Nintendo, all of which have extensive histories and reputations as companies in their fields before creating platforms. While for PS and Nintendo, the creation of digital game distribution platforms was more or less a natural development of their respective businesses, and for Microsoft, at first, it was more or less just a side project to cover some bases, they all followed the way of outside-in approach which involves converting and integrating services and assets into digital modes that could later be electronically changed and extended as described by Hagiu & Wright (2015) and O'Reilly & Battelle (2009). All three also used the same strategy to escape Porter et al.'s chicken-and-egg

problem using the “follow-the-rabbit strategy” by leveraging their previous success in their respective non-platform fields.

Across the cases, only the Google Play store does not follow a typical outside-in approach for establishing a digital platform. As the only born-digital open platform, Google started with open API and facilitated third-party developers to participate in the platform freely. Otherwise, the only common thing in mobile digital platforms is that both are focused on their application stores on their respective mobile operation systems as strategies and approaches differ.

The closest cases that could be called creating a platform from zero are Steam and Epic Game Store (EGS), PC-based platforms. However, even then, both were well-known in the industry before they created digital platforms, EGS through publishing, game developing, and game creation services, Steam through game development, and both with already vast and well-established audiences.

Overall, we learn that establishing a successful digital platform in the gaming industry requires a vast customer base from before, significant investments, and strength and influence in the industry to keep their platform and attract users and developers. All platform-holder companies had extensive history and means of influence in the industry. Also, creating a digital game distribution platform for mobiles and consoles is next to impossible, while PC would be the easier target.

It would seem impossible for Finnish studios to create their platforms. As in Parker et al. (2016), platform creation requires solutions for technical, economic, and legislative issues for which the Finnish counterparts do not have resources. What Finnish developers could do is create a kind of coalition of Finnish developers and make a platform together. In this case, there would be many organizational questions, e.g., which gaming platform will be selected, what the financing will be, and what the power structure will be, but it could be possible with proper management and motivation.

So, to answer the research question, “How does platform creation happen in the gaming industry?”:

Platforms in the gaming industry are established exclusively by influential and well-known companies in the gaming industry. Platform creation happens through utilizing these large companies' assets and connections. All platforms required significant investments covering technical, economic, and legislative expenditures. The approach may differ by the case companies, but they all played their organizational strengths in establishing a platform. Companies must apply the most suitable strategies considering all organizational strengths to gather enough critical mass for their platforms to take off.

5.2 Effects of platformization on Finnish developers

From the interviews, we learned that Finnish developers regard the industry's development as beneficial overall. Platformization of the game industry seems to provide more straightforward operational practices and increased accessibility, as Chia et al. (2020) and Hyvönen (2018) described earlier, which includes leveraging digital platforms to access new markets and target particular segments inside the platforms. Through the growth of digital distribution platforms in the gaming industry, Finnish developers also gain an element of speed to deliver products to the customers and exclude the process of finding the customers as they are often already present on the targeted platforms, as surmised by Bhadrawaj et al. (2013) and OECD (2019) earlier in theory part, making the industry more organized overall.

As Reinartz, Wiegand, and Wichmann (2017) mentioned, platforms provide quick access to the user base, allow fast benefits from economies of scale and network effects, and gain fast visibility for developers within the ecosystem without bearing the high fixed costs of maintaining. The negative side is that global digital distribution platforms open possibilities for all stakeholders, and developers must compete with other games and developers worldwide, which still appears to be outweighed by the advantages.

According to Reinartz, Wiegand, and Wichmann (2017), in many industries, platforms charge different service fees depending on the bargaining power and the product of the seller, but from interviews, it is gatherable that the platforms are pretty democratic, allowing quite fair competition in that regard. While the competition appears fair, it is still pretty hard since popular platforms are flooded with constantly released games from other developers, making external marketing (outside the platforms) one of the main factors for success. According to the interviewees, one of the main downsides for the platforms was the big pay cut, which seems to be around 30% in the gaming industry, with Epic Store being the only exception with a lower cut.

We also learn that platformization of the gaming industry does not stop developers from self-publishing their products without platforms, which confirms Cliffski's (2010) words, but all interviewees agree that if the company is trying to succeed most efficiently, joining one of the leading platforms is the best way. This especially holds for small developers and studios that struggle to gain visibility and trust and lack resources for business-related tasks, with marketing remaining one of the most prominent of them. The situation leads the interviewees to regard their position as highly dependent on the platforms on a general level, as was described by Parker et al. (2016), where businesses that join digital platforms may become dependent on the platform for their operations, which can pose risks if the platform changes its policies, algorithms, or terms of service. As long as the industry stays multipolar, the developers seem to have options because, with relatively minor changes, they could switch to another platform inside the gaming platform categories (consoles, PC, and Mobile)

Exciting things will also happen when different platforms collide. From gaming industry-related examples just recently: Helldivers 2 game by Sony-affiliated developer released on PlayStation and Steam simultaneously was in the middle of a massive scandal. Sony started enforcing the PlayStation Network (PSN) linkage so players could continue to play on Steam only after registering on PSN. Of course, players were unhappily registering for another outside service, but that was not the most significant problem; the issue was

that PSN is unavailable in over 100 countries. So, overnight, some of the players from the list of these countries lost the right to access the products they bought on Steam. The author thinks Sony made such a move mainly to “boost” their platform. Nonetheless, most of the negative PR was directed at the developers who had just made the game and were following the policies and directions of the platforms it was affiliated with.

So, to answer the second research question: "How does platformization of the gaming industry impact companies that are not powerful enough to control or create a platform?":

Platformization, in general, is very beneficial for smaller Finnish developers and companies since the negative sides are greatly outweighed by the advantages that platformization brings. Development in the industry has made it easier for developers to express themselves, publish, and distribute their products. While the developers are often forced to join a platform to succeed, they are not technically stopped from self-publishing without any platform. The main issues in the gaming industry for the developers are still the same; getting visibility for the games is still mostly solved outside the platforms.

5.3 Platform/Publisher Selection

The author assumed that selection processes for the publisher and the distribution platforms are identical: establishing what developers want to outsource and reflecting them on platforms and publishers on a case basis. While this generally holds, the difference is that publisher selection is more related to business development, while gaming/distribution platform selection is a more practical perspective for distributing the games.

Findings indicate that publisher selection is often a challenge for smaller and less-known developers; therefore, they rarely have a chance to select a publisher and instead grab any chance they get. However, on a hypothetical level, according to the interviewees, the publisher must be reputable and have the necessary skills or resources to support

the developer. Interviews show that Finnish developers appreciate financial support the most but consider supporting tasks necessary. Therefore, Limpach's (2020) five evaluation categories- funding, distribution, development, communication, and support- reflect the interviews' findings regarding publisher selection.

Interviews indicate that smaller studios think in more straightforward terms than larger counterparts when selecting digital distribution platforms. In many cases, the decision for the distribution platform comes with the decision of the gaming platform for which the studio will target its game. Smaller studios often think from internal perspectives described by popular game-developing sites and forums: 1) skillset, 2) target audiences, and 3) mechanical/interactive considerations. This approach is understandable because smaller studios and developers often start as hobbyists and side gigs. Larger studios approach the topic more profoundly and consider it part of general corporation strategy. Similar to publisher selection, Limpach's (2020) five evaluation categories reflect the findings from the interviews more closely in this case, too. The author thinks that adapting larger companies' broader approach and thinking to digital distribution platform selection would be highly beneficial for smaller studios. In many cases, developers also work with publishers, which could force developers, depending on the contract, to target several platforms simultaneously.

While the author thought the motivators simplistically, the author still believes that the framework would benefit smaller developers who might not have the whole picture and use it with strategic decision-making. The author updated the framework by dividing the tasks into product-related and commercial-related tasks. The new framework (Figure 5) is still based on Limpach's five evaluation categories and research materials. The framework holds things that should be considered when selecting a platform or a publisher. The thinking process should be as follows: What tasks should or could be outsourced, and what tasks are the developers comfortable doing themselves? To reiterate Cheng (2023): The goal is to select a platform that aligns with business needs and maximizes return on investment. Thus, businesses should thoroughly research the

available platforms. After collecting all relevant information, they should create a comprehensive list of each platform's advantages and disadvantages to identify the best options. This will enable businesses to confidently choose the most suitable platform for their requirements (Cheng, 2023).

As the platform industry develops, the dynamics between developers and the platforms will change. There is a chance that platforms will ultimately homogenize, interconnect, and provide the customer with the same experience. Therefore, the importance of distribution and gaming platforms would fall to the background, while the platforms that dominate attention, like Google, TikTok, and similar, will play the ultimate role in customers' decision-making. Developers' work will depend on utilizing these attention dominators and seeking the right ways to select appropriate platforms.

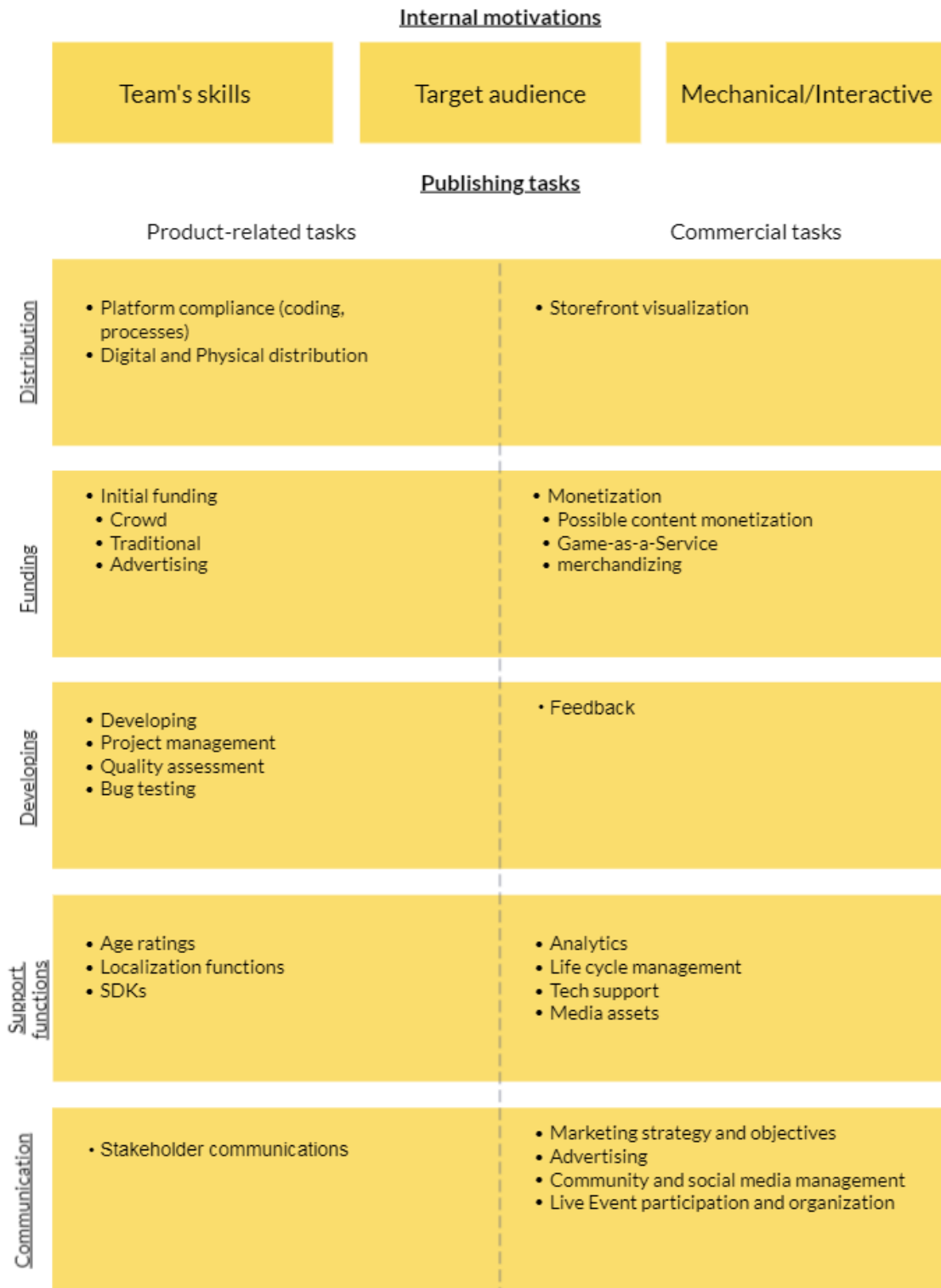


Figure 5. Updated framework for publisher/platform selections.

6 Conclusion, limitations, and directions for future research

This research aimed to look into the gaming industry's digital distribution platform situation, how they were created in the industry, how they affect smaller Finnish companies and developers, and finally, create a framework for developers that could be consulted with when making decisions on platform selection. The author aimed to answer the research questions: "How does platform creation happen in the gaming industry?" and "How does platformization of the gaming industry impact companies that are not powerful enough to control or create a platform?"

The thesis used multiple case studies and interviews. The case studies focused on the first question, while the interviews focused on the second one. The author learned how digital platforms emerged in the gaming industry through the desk research on the case companies. So, for the first question, we found out that the platform emergence in the gaming industry is mostly a prerogative of powerful companies with resources, technologies, or an already critical amount of potential customers.

Through the interviews, the author could see the experiences and opinions of Finnish developers in the transforming gaming industry. For the second question, we saw that changes in the gaming industry are primarily beneficial for smaller Finland-based developers and studios, as they simplify the life of the developers with relatively insignificant downsides. The interviews also allowed the author to create a framework to facilitate decision-making for small developers looking to join a digital platform or contract a publisher that also follows the theoretical basis made by Limpach (2020).

In this section, the author also presents the conceptual contributions, managerial implications, and directions for new ideas for further research.

6.1 Conceptual contributions

With this thesis, the author advances platformization, platform emergence, and strategy theories by extending them to the gaming industry. Furthermore, this work deepens the understanding of how industry platformization could affect stakeholders with little to no control over the large platforms that transform the industry. The theory is deepened by how these theoretical concepts interplay in platform emergence. Therefore, it can be said that the author developed additional theoretical linkages between the topics themselves and real-life examples.

The theoretical framework of this thesis was based on several well-known scholars. This work shows how digital platforms in the gaming industry are positioned in Ailisto et al.'s (2019) "quadrality of platform types" -matrix, how the platform emergence in the gaming industry follows similar pathways of Core interaction and "Chicken-and-egg" strategies laid out by Parker et al. (2016), and, how the platforms in the gaming industry are born or developed into digital using as in theories by Parker et al., O'Reilly & Battelle (2009) Hagiu & Wright (2015) Ojala et al.(2020).

Literature on platformization is expanded with newer extensions to the gaming industry. It adds to discussions from Chia et al. (2020), Hyvönen (2018), Bhadrawaj et al. (2013), and Poell et al. (2019) of platformization's effects on smaller stakeholders from the viewpoint of Finnish developers in the gaming industry. Similarly, Limpach's theories are tested in connection with Finnish developers' and specialists' experiences.

6.2 Managerial Implications

For managerial implications, the author concludes that it would be challenging or almost impossible for Finnish companies to create a successful digital distribution platform. One possible solution could be to create a coalition of Finnish developers and game companies and create something with possible funding from the Finnish government. However, even then, the perspective is met with vast, challenging questions starting

from “Which gaming platform should be targeted?” to “How the monetization will work?”.

Another implication is that smaller developers have no reason not to utilize sizeable digital distribution platforms to publish their games. In many ways, it seems that it is counterproductive to self-publish without the platforms, as it compromises the developers' potential to reach potential audiences, complicates business processes for the studios, and lowers the chances to succeed in general.

The last contribution to managerial implications is a practical guide for smaller Finnish developers and companies considering joining a platform or several platforms, which helps them allocate resources more wisely. This work also opens the perspectives and experiences of other Finnish developers on platform joining and publisher dynamics. Overall, the author considers that this thesis helps fill the space between digital platforms and Finnish developers with new information and data, which could benefit aspiring game creators.

6.3 Limitations and future research

As every study has its limitations, so does this one. First, this work focuses only on quite a wide range of topics with an overly narrow perspective. Any topics discussed in this work could deserve a separate master's thesis. Therefore, while the author helps to fill some spaces, he does not deny that there might be aspects and extenuating circumstances that are just as important but have not been unearthed by the author. Secondly, this research is a case study involving only a couple of Finnish companies with only one interviewee per company and only a few of the most significant platform companies in the industry, which limits the generalizability of the results to a broader specter.

Furthermore, as the case companies represent only a fraction of the gaming industry's companies, the findings may not apply universally to all other firms. Additionally, the

nature of case studies means interviewees might interpret questions differently or exaggerate responses, particularly on sensitive topics. Lastly, this study has geographical constraints, focusing on developers and companies from Finland, which may limit the applicability of the results to other countries.

The author had quite simplistic views when grouping digital platforms and publishers, so separating them and looking into their dynamics could be a good research topic to investigate further. Another interesting topic for research that this thesis presents is platform collisions: Many digital platforms are starting to interconnect their services as new EU laws force big platform holders to open their platforms for others. These new relationships ought to bring new cases for research and birth new conflicts similar to the Steam and PSN situation with one game where developers were powerlessly in the middle.

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Appendices

Appendix 1. Semi-Structured Interview

Semi-Structured Interview	
Introduction	1-2 min
Introducing the topics and asking permissions	
Background	3-5 min
<ol style="list-style-type: none"> 1. Interviewee's background, history and experience 2. Company history, size, publishing situation, 1st-2nd-3rd party developer, Platforms 	
Topic 1: Platformization	5-10 min
<ol style="list-style-type: none"> 1. Effects of platformization on developers? 2. Competition on platforms? 3. Why developers avoid establishing their own stores? 4. Platform Dependencies because of the platformization? 	
Topic 2: Platform/Publisher selection processes	10-15 min
<ol style="list-style-type: none"> 1. What are the motivators and processes for platform selection? 2. Publisher selection criteria? 3. What are the things that are sought from publishers and platforms? 4. What are the issues and benefits from multiplatforming 	