How a Project Management Office can help the Icelandic Gaming Industry achieve its goals

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Ritgerð til meistaraprófs (MPM)

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Ritgerð við tækni- og verkræðideild Háskólans í Reykjavík til meistaraprófs (MPM)

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HOW A PROJECT MANAGEMENT OFFICE CAN HELP THE ICELANDIC GAMING INDUSTRY ACHIEVE ITS GOALS

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Abstract

The gaming industry is a young promising industry in Iceland. In 2009, the gaming companies joined forces to support development of the industry in an organization, called Icelandic Gaming Industry (IGI). Since 2011, IGI has had a strategic plan in place that laid out direction for the organization. Despite the enthusiastic environment that characterizes the industry, implementing that strategic plan has been slow because of lack of dedicated project leadership. This spurred the interest of this research, where we asked the question “How can a Project Management Office (PMO) help IGI achieve its strategic goals?” Our position is that the PMO is a functional entity that does not only provide large corporations with the means to monitor large project portfolios and develop standards for them, but also takes on the role of project management to resolve some of the problems facing IGI.

Keywords: Icelandic Gaming Industry (IGI), Project Management Office (PMO), strategic plan, project manager, qualitative research.

Útdráttur

Þrátt fyrir að íslenski tölvuleikjaiðnaðurinn á Íslandi sé ungur eru tækifærin innan hans fjölmög. Árið 2009 voru stofnuð Samtök íslenskra tölvuleikjafyrirtækja (IGI) með það m.a. að markmiði að styðja undir áframhaldandi vöxt. Árið 2001 var unnin stefnumótun fyrir IGI sem varða á leið íðnaðarins til framtíðar en þrátt fyrir mikinn áhuga innan geirans hefur innleiðing stefnunnar gengið hægt sem rekja mætti til skorts á leiðtoga í það verkefni. Þetta var kveikjan að rannsókninni, þar sem við spurðum spurningarinnar “Hvernig getur verkefnastofa konnið IGI að gagni við að ná markmiðum sínum?” í þeim tilgangi að færa rök fyrir því að verkefnastofa geti verið lausn IGI við því vandamáli. Okkar skoðun er sú að verkefnastofa sé hagnýt eining sem ekki einungis nýtist stórum fyrirtækjum í utanumhaldi um sínar verkefnaskrár eða skilgreiningu á ferlum, heldur geti hún þjónað hlutverki verkefnastjórnunar í þeim tilgangi að leysa vanamál líkt og standa IGI fyrir þrifum.

Lykilorð: Icelandic Gaming Industry (IGI), verkefnastofa, stefnumótun, verkefnastjóri, eigindleg rannsókn.
1. **Introduction**

The aim of this paper is to explore how a Project Management Office (PMO) can assist the organization of Icelandic gaming companies, Icelandic Gaming Industry (IGI), to fulfill the goals of their strategic plan which was laid out in 2011. But before we set out on that journey it is relevant to briefly go over development of the gaming industry in Iceland.

The computer games industry in Iceland is young by any standards: Its development did not begin in earnest until the late 1990’s when companies such as Betware and CCP were established. Through the years some startups in Iceland have focused on game design for a number of different platforms. However the real growth of these companies did not occur until after the financial collapse in Iceland in 2008. Due to the fact that the three major banks in Iceland, Landbanki, Glitnir and Kaupthing had what can be best described as a strangle hold of the talent level graduating from the universities since the early 2000’s, the growth of the banks pretty much overwhelmed other industries and there was limited competition since no one could outbid a bank for talent (Oskarsson, 2013; Petursson, 2011; Ragnarsson, 2013). This changed dramatically in October 2008, when the banks collapsed and were forced to lay off a large portion of their employees, a number of which that were highly educated, creative and motivated individuals (Ragnarsson, 2013). Many of those individuals that had been tempted by the high wages that the banks had offered were now able to undertake projects that were much closer to their hearts. A surge of new and exciting companies emerged that focused i.e. on developing computer games. This influx of gaming companies in Iceland reached a new stage in 2009 when 8 of these companies founded the Icelandic Gaming Industry IGI, under the umbrella of the Federation of Icelandic Industries, with the aim of working together as a group to promote themselves and the overall gaming community in Iceland. The founding companies were industry leaders CCP and Betware, Reykjavik University’s Cadia Lab, Sauma Technologies, On The Rocks, Mindgames, Ýmir Mobile and Gogogic (Ragnarsson, 2013).

CCP’s CEO, Hilmar Veigar Petursson, has referred to the success of CCP as being “just like winning the lottery” (Petursson, 2011), a lot of its success had to do with timing or a “Perfect Storm” (Oskarsson, 2013) as it is sometimes called, the right company at the right time with the right product. One thing is a fact, CCP has always done it on its own (Petursson, 2011). However it should be noted that before CCP, information technology (IT) companies in Iceland such as OZ paved the way but also directly contributed to the sustainability of companies like CCP. In the mid 90’s OZ was developing cutting edge software for companies such as Microsoft and Ericsson (mobile phones), the 3D rendering skills developed at OZ are among other things that found their way into CCP (Oskarsson, 2013).

But as was with CCP the gaming companies have not received much assistance in the form of structured grants or tax cuts. Few have been able to receive investment capital like Gogogic. Investment in gaming in Iceland is scarce for two main reasons. First, investment in Iceland is at an all-time low which is mainly due to the currency limitation in place and legislation. Second, most people or companies in Iceland that invest in new enterprises have little or no direct knowledge of the gaming industry and believe that computer games can only generate fun (Oskarsson, 2013; Petursson, 2013).
There is a program in Iceland that allows for the reimbursement of 20% of research and development (R&D) cost incurred. However the program is vague as it is not entirely clear what cost is covered under the program (Alþingi, 2009). As of today the government does not offer any financial assistance to the gaming industry directly (Björgvinsson, 2013).

With the establishment of IGI, the gaming industry became more focused and noticed. It suddenly gained a voice to lobby for their interests and the community began having periodic meet ups where all things related to computer games were discussed. IGI also gained some interest in the press and the video game industry was used as an example of positive start-ups by the government (Ragnarsson, 2013).

IGI also made impact on the educational system. What has been gained is a partnership between IGI and Reykjavik University on the development of courses specifically designed for students interested in gaming. Apart from that, starting in 2013 CCP will be sponsoring a faculty position in game design at the university (Petursson, 2013; Ragnarsson, 2013).

Another important aspect is IGI’s participation at trade fairs and conferences in Sweden, Germany and the U.S. through partnership with Promote Iceland (Ragnarsson, 2011). In 2011, a strategic plan was developed for IGI and they have since established committee’s to act on the findings of the plan, with some positive results. The work of these committee’s is pro bono which strongly indicates that there is room to expedite the projects that were identified in the strategic plan (Ragnarsson, 2013).

As figure 1 indicates, the gaming industry in Iceland grew rapidly from 2005 until the end of 2009. The industry saw its export income increase from 2.3 billion ISK to roughly 12 billion ISK. This lead to a substantial growth in jobs and a domestic increase in value created by each employee (Kristjánsson et al., 2012).

![Figure 1 Export revenue, wages and jobs](Kristjánsson et al., 2012, p. 3)

A large part of this growth is attributed to one company, CCP. CCP is by far Iceland’s largest computer games developer with an annual turnover of around 65 million USD and employing over 500 people of which 380 that are working in Iceland. Since 2009 the IGI companies have experienced some changes. Some have gone out of business while others have moved shop to other countries. In
2011 it was reported that 12 IGI companies had a turnover of over 10 billion ISK and employed over 600 employees (Ragnarsson, 2011).

As mentioned before, work on a strategic plan for IGI started in 2011. Today the plan is still in place but the implementation has been slow. The main reason for this is that employees of the gaming companies that work in committees on implementation of IGI’s strategic plan are contributing that work on a pro bono basis. This means that work performed by these individuals is carried out when they have the time and their only driver is passion. Work done in accordance to the strategic plan is coordinated by a project manager within the Federation of Icelandic Industries (SI), who works closely with all the different committees by keeping track on the progress of the work being done (Ragnarsson, 2013).

There is in our view a need for dedicated project management for IGI to be able to realize their potential. That is why our focus for this research was to analyze if a Project Management Office could be beneficial to IGI in achieving its goals and to target specific areas for a PMO to focus on. Finally, we will offer our consideration on how to establish a publicly funded IGI.

2. Literature review

In the literature review we will be shedding light on the purpose and functionalities of PMOs to support our view as to why a PMO is a relevant and viable choice for IGI.

2.1 The many faces of PMOs

Initially PMOs were defined as being a department or group that defines and maintains the standards and processes related to project management within an organization. Recently scholars have broadened the scope of PMOs function to include other functions beyond standards and methodology, whereby participating in strategic project management either as facilitator or actively as the owner of the Portfolio Management process. This may include monitoring and reporting on active projects and portfolios (following up project until completion), and reporting progress to top management for strategic decisions on what projects to continue or terminate (Aubrey, Hobbs, & Thuillier, 2007). For the purpose of this research we will support broader definitions of PMOs.
Following are a number of different perspectives of PMOs that qualify the broader definition of scope.

Project Management Body of Knowledge (PMBOK) describes a PMO as “an organizational body or entity assigned various responsibilities related to the centralized and coordinated management under its domain. The responsibilities of a PMO can range from providing project management support functions to actually being responsible for the direct management of a project” (Project Management Institute, 2008, p. 11).

The definition of a PMO as explained in PMBOK essentially leaves the door wide open for the application of a PMO in virtually any circumstance. Furthermore the literature of PMOs underlines the difficulties in providing a simple and accurate description of the functions and roles of PMOs in different organizations because of a wide range of possible tasks assigned to PMOs and the responsibilities that PMOs adopt to fulfill the needs of the organizations (Aubrey et al., 2007). This is fortuitous for us as researchers because it basically means we can define a body of projects under our scope and call it a PMO, totally independent on whether we are acting as facilitators or as actual project managers within the PMO.

Desouza and Evaristo put further weight to the broad definition of PMOs, by claiming that a universal description of a PMO was not possible. The reason for that lies in the different functions that PMOs provide, which is dependent on the nature and characteristics of the organization it serves. A check list on how to establish a PMO is impossible. “The most effective PMOs are those that yield improvements in due course, and continuously drive project teams to improve on their performance” (Desouza & Evaristo, 2006).

The term PMO was established because of the need within organizations to gain better oversight of projects due to the increased numbers and complexity that the projects possessed, a control center where these projects could be monitored and managed (Aubrey et al., 2007).

There are different views to the functionality and purpose of PMOs. Meredith and Mantel for instance emphasize that the PMO is an enabler/facilitator of projects, and only under limited circumstances should it take on specific management tasks, but even then in a facilitating role for management (Meredith, 2012).

“In its ideal form, the Project Management Office should represent, for an organization, what air traffic controllers represent to pilots. It should guide projects safely (minimizing the risk) and as quickly as possible to their destination. It should prevent mid-air collisions between projects and resources” (Kendall, 2003). Here, Kendall is describing PMOs as a pure enabler, which creates the necessary environment for projects to succeed by eliminating obstacles and providing opportunities.

Harold Kerzner talks about three types of PMOs:

- Functional
- Customer Group
- Corporate
All three have very distinct purposes and therefore does not fall in line with the broader definitions mentioned above. Kerzner, to his credit, does however explain that one or more PMO type can be applied for an organization at the same time. For instance by establishing a functional PMO and a corporate PMO and assign them to work collaboratively their scope widens considerably (Kerzner, 2009).

It is fair to say that experts and scholar that have done the most research on PMOs differ somewhat in their definitions of a PMO. It seems that with further development and applications of PMOs within organizations experts are willing to except a wider definition of a PMOs purpose.

2.2 Benefits of operating a PMO

To be able to validate our premise that establishing a PMO would be of service to IGI, we have to look into the details of the benefits that a PMO can offer. Functionality of the PMO is the key so we need to know what it can provide.

A PMO can offer a variety of solutions, depending on what purpose the PMO should have. It’s like customizing your car to the level of your own activity, usage and character (Desouza & Evaristo, 2006).

The problems that occur in projects can range anywhere from scheduling to budgeting. The number of projects that are ongoing can also create considerable “fog of War” (Clausewitz, 1984) because the lack of ability to maintain overview. These problems are unacceptable to any project orientated organization. A PMO can address all of these problems and optimize the project structure to maximize project outcomes (“Project Management Office Consulting - PMO - Hulett & Assoc. - Project Risk Management,” n.d.).

There are 5 major benefits from operating a PMO (Sharma, 2012):

- Having a full transparency into all aspects of the projects
- Having better control over projects
- Being better equipped to make the optimal decisions related to projects
- Minimizing uncertainty and associated risks
- Increasing support and buy in from all stakeholders

The benefits of the PMO for an organization will be evaluated on the effect that it has on organizational structure as well as measurable outcomes of projects. Regarding IGI this would also be the case, but it would also be measurable by the number of companies that would succeed in the gaming industry.

3. Research methodology and data collection

In this section, we discuss the research methods and data collection. Our research was twofold; we conducted interviews with key people in the gaming industry here in Iceland to gain perspective, and secondly we performed a SWOT analysis for IGI to identify key aspects that a PMO could focus on.
3.1 In-depth interviews

The nature of this research can be characterized as qualitative. We chose a qualitative case study method to gain insight, and conducted nine interviews with leaders of companies and other experts of the gaming industry in Iceland which we classify as shareholders. This method was chosen because we wanted to get the opinions of shareholders on record as to the state of the industry and what benefits they see in establishing a dedicated PMO within IGI. These individuals were:

- **Björn H Reynisson**, Project Manager at Promote Iceland. Björn works with IGI on its “Future is Bright” conference that is held each year. Björn also sits on IGI’s Marketing committee.
- **Erla Bjarney Árnadóttir**, Account manager at Cryengine. Erla is a former Chairman of the Board at IGI. She is also a former advisory board member for the Nordic Game Council.
- **Hilmar Veigar Pétursson**, CEO of CCP. CCP produces well known games such as EVE online and DUST 514.
- **Hrafnkell Smári Óskarsson**, Senior Game Designer EVE at CCP. Hrafnkell has been working at CCP since 1998.
- **Katrín Dóra Porsteinsdóttir**, Director of High Tech and Education at The Federation of Icelandic Industries (SI). Katrín is the liaison between IGI and SI.
- **Jónas Björgvin Antonsson**, Co-founder of Gogogic. Jónas is a board member at Gogogic and the current Chairman of the Board at IGI.
- **Ólafur Andri Ragnarsson**, Chief Software Architect at Betware. Ólafur is also an Adjunct at Reykjavik University and board member at IGI since it’s foundation.

Qualitative research is all about exploring issues, understanding phenomena, and answering questions. The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue (Denzin & Lincoln, 2005). In this case in-depth questions were used to gain perspective from the respondents about the PMO issue in question.

The interviews were conducted at the offices of each of the respondents with two exceptions; the interviews with Ms. Árnadóttir and Mr. Antonsson were conducted on Skype and at a restaurant in Reykjavik respectively. This was to maintain the minimum amount of neutrality so that respondents would be as honest and forthright in their answers as possible.

Following is a list of the questions asked:

1. Can you briefly tell us about the history of the computer games industry in Iceland?
2. What key drivers in the macro-environment of your company have had positive impact and what key drivers have had a negative impact?
3. Do you know what a Project Management Office (PMO) is?
4. What function/s do you believe a PMO could serve for IGI?
5. In your opinion what benefits can a PMO provide to IGI?
6. In your opinion what negatives can come from operating a PMO within IGI?

Added question:
What are your thoughts on a PMO that is funded by the government of Iceland as 5 year project under IGI, good or bad?
All questions were open-ended with no follow up questions. If respondents answered no to question number 3, then we offered them the following explanation of what a PMO is with regards to the literature that we have studied:

“An organizational body or entity assigned various responsibilities related to the centralized and coordinated management under its domain. The responsibilities of a PMO can range from providing project management support functions to actually being responsible for the direct management of a project” (Project Management Institute, 2008)

Respondents gave free flowing answers with no interruptions. In very few instances respondents were asked to clarify their answers for the purpose of understanding.

The added question was setup to add weight to a brief case study which is detailed in section 4.5 in this research.

3.2 SWOT analysis

The second part of our research was a SWOT analysis for the gaming industry in Iceland which was done to identify the key aspects that a PMO could focus on to achieve its goals. With a SWOT analysis the PMO has a better overall view on what areas to focus on, identifying which issues are most relevant to be able to prioritize them. The SWOT analysis would also, if correctly done, underline the main issues that would arise in the interviews and add further weight to which issues need to be addressed. The SWOT analysis was performed by the authors and Hrafnkell Smári Óskarsson, Senior Game Designer EVE at CCP.

SWOT analysis is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. SWOT summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact on strategy development (Johnson, Scholes, & Whittington, 2009).

4. Research results

The research results were analyzed so that we could put them into context in the same manner as how we approached our literature review, the functionality of PMOs and what are the benefits of establishing one. However we begin by looking at some of the aspects that have already been discussed and worked on within IGI.

4.1 SWOT analysis

The SWOT analysis gave us some very interesting points to study in relation to the service a PMO can provide for IGI. There were two issues that we wanted to mention specifically.
First, classified as a weakness are the complication within the legal system to process work permits, this could be a major focus for a IGI PMO to emphasize when lobbying the government for change in directives concerning immigration and work visas.

Second, is CCP’s experience, but also the knowledge base of doing business in Iceland as a gaming company, that has developed with the establishment of the various companies over the last 10 years. A PMO could develop best practices for the gaming companies based on the information that has been accumulated.

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
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<tbody>
<tr>
<td>– The computer games industry is ideal as a part of a green economy in Iceland</td>
<td>– Political uncertainty, what will be the emphasis of a new government?</td>
</tr>
<tr>
<td>– IGI and Reykjavik University have already created a partnership involving courses that focus on gaming theory and development. Can take education even further</td>
<td>– Current Government does not focus on creating an environment that encourages Foreign Direct Investment.</td>
</tr>
<tr>
<td>– The market for computer games is huge and very diverse</td>
<td>– High risk, high reward industry</td>
</tr>
<tr>
<td>– Alternative distribution channels, companies have more options when distributing their products.</td>
<td>– CCP and Betware (two of Iceland’s mainstay companies in the computer industry) could take their business out of Iceland.</td>
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<table>
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<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>– Low corporate tax</td>
<td>– Iceland has a low population of 320,000 which creates limited resources</td>
</tr>
<tr>
<td>– Icelanders are creative by nature and are willing to explore</td>
<td>– Complicated legal system that delays the process of work permits for citizens outside of the EEA.</td>
</tr>
<tr>
<td>– CCP is one of the largest MMO computer games companies in the world</td>
<td>– Unstable economy with a weak currency</td>
</tr>
<tr>
<td>– Iceland is a safe place to live and with a high living standard</td>
<td>– Limited bandwidth between Iceland; The U.S. and Europe</td>
</tr>
<tr>
<td>– The knowledgebase of gaming companies in Iceland.</td>
<td>– Currency limitations in place that deters investment (especially foreign)</td>
</tr>
</tbody>
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Figure 3 SWOT analysis for IGI

4.2 IGI’s strategic goals

Through our interviews we have learned that IGI has held at least two strategic planning sessions with the help from Davíð Lúðvíksson, Director of Sectorgroups, service and development and Katrín Dóra Þorsteinsdóttir, Director of High Tech and Education with the Federation of Icelandic Industries (Katrín Dóra Þorsteinsdóttir, 2013). These sessions as is with all strategic planning events were done to develop a plan or path for IGI to achieve its goals. IGI’s main goals are: (Katrín Dóra Þorsteinsdóttir, 2011)

- To create, in partnership with the Government of Iceland, a legal and economic environment that is attractive for gaming companies regardless if they are of Icelandic or foreign ownership.
That the gaming industry is validated as a “real” industry that contributes to the economy and receives the same recognition within the entertainment industry as movies and music.

To lobby for a government support system or incubator programs for gaming startups that gives access to various grants.

IGI wants a change to the investment environment in Iceland with the establishment of an incentive program for foreign and domestic investors. Making Iceland a more viable option in attracting gaming companies to Iceland.

To create a startup center within IGI that offers various services to gaming startups such as financial and marketing consultation.

To establish programs with schools at all levels to promote education in mathematics and game design.

Participation at various trade events and conferences such as Nordic Game and Game Developers Conference in partnership with Promote Iceland.

To expand IGIs annual conference “The future is bright” into a global event with worldwide recognition.

To establish IGI as strong lobby group with the interest of gaming companies at heart, specifically with matters concerning investment incentive programs and support program for startup.

Some of these goals have been achieved to a certain degree, but because strategic planning is always an ongoing process that needs to be constantly maintained (Helgi Þór Ingason & Haukur Ingi Jónasson, 2011), dedicated work to achieve these goals is much needed (Petursson, 2013; Ragnarsson, 2013).

As stated in our introduction the implementation of these goals has been done by employees of the various different gaming companies that are a part of IGI. All the members of the various committees do the work in a pro bono basis. They work in 4 committees that each has a specific topic to focus on. The committees are Finance and Investment, Business Environment, Education and Marketing and Public Relations (PR). As of now the most progress has been made by the committee that is responsible for Marketing and PR (Katrin Dóra Þorsteinsdóttir, 2013). The progress however is slow due to the fact that this work is done on committee members own time as they are not compensated for their work.

**4.3 What service would an IGI PMO provide?**

Most of the respondents were familiar with the term PMO. For those that were not sure, we used the definition of PMO from PMBOK, as mentioned here above.

Because of the nature of the functionality of the committees, it is easy to speculate that if the current system of implementation of IGI’s strategic plan is not changed it will take IGI a long time to see their goals fulfilled (Ragnarsson, 2013; Reynisson, 2013).

A functioning PMO with dedicated project managers knowledgeable about the gaming industry would provide IGI with personnel to carry out the tasks that have been laid out in the strategic plan. It would also provide IGI with the necessary guidance and oversight of projects that
need to be addressed (Björgvinsson, 2013; Petursson, 2013; Ragnarsson, 2013). The relevance of a PMO is even more significant because of the number of projects that need to be implemented (Árnadóttir, 2013).

Following are a number of functional purposes for an IGI PMO that our respondents mentioned in their interviews.

- The PMO can take on the role of a lobbyist for IGI. (Árnadóttir, 2013; Björgvinsson, 2013; Petursson, 2013; Ragnarsson, 2013)
- Can offer marketing, legal and financial guidance for startups. (Björgvinsson, 2013; Petursson, 2013; Ragnarsson, 2013)
- Establish further partnerships with the educational sector to increase the availability of talent for the gaming industry. (Petursson, 2013; Ragnarsson, 2013)
- Event management and planning for IGI at conferences and trade fairs. (Árnadóttir, 2013; Björgvinsson, 2013; Petursson, 2013; Ragnarsson, 2013; Reynisson, 2013; Katrin Dóra Porsteinsdóttir, 2013)

4.4 The benefits of a PMO for IGI

The main benefit of having a dedicated PMO for IGI is the fact that for the first time since its establishment, a fulltime project manager or managers would be employed with the sole purpose of facilitating project teams (committees) and/or managing the various projects identified in IGI`s strategic plan.

In the process of our interviews certain specific benefits became evident, so in assessing the benefits of a IGI PMO, we decided to use as a benchmark “the 5 major benefits of PMOs” as set forth by Jim Sharma (Sharma, 2012).

- **Having a full transparency into all aspects of the projects.**

  An IGI PMO would be able to have better oversight on the project portfolio, generating an action plan that would allow for the prioritization of projects. It would also develop certain standards and best practices for the management of projects that would optimize usage of time and money.(Petursson, 2013; Ragnarsson, 2013)

- **Having better control over projects**

  Projects would be managed more efficiently because you have dedicated staff that is project orientated. Even if a PMO would only consist of one individual and work within the committee’s would continue a PMO would take on the role of a facilitator or/and project manager by offering guidance but also keep projects on time and budget (Björgvinsson, 2013; Petursson, 2013; Ragnarsson, 2013).

- **Being better equipped to make the optimal decisions related to projects**

  Project management breeds familiarity and experience, a PMO would establish a knowledge base that helps in making the right decisions. This applies to deciding which conferences to
attend, how to create the right exposure for the industry and what partnerships are needed to acquire (Árnadóttir, 2013; Ragnarsson, 2013).

- **Minimizing uncertainty and associated risks**

Uncertainty and risks are minimized by developing best practices for various different topics ranging from grant acquisition to the processing of work visas for foreign employees (Árnadóttir, 2013).

- **Increasing support and buy in from all stakeholders**

With increased supervision and better management of projects the relevance of a PMO becomes evident and helps increase the support for future projects and ideas that were initially deemed to be exotic but are more realistic because of the dimension that a PMO can offer. Stakeholders of IGI are also likelier to keep investing in PMO office if the see the benefits outright (Árnadóttir, 2013; Ragnarsson, 2013).

### 4.5 Considerations for implementation of an IGI PMO

As discussed here above, we believe a project management office would benefit IGI in following through their strategic plan and vision for future growth of the gaming industry. An important consideration for implementation of an IGI PMO is securing funding for establishment and operation of such entity. We would like to argue that such financial support should be added to government support of the industry, as it has all the potential to create a considerable Return on Investment for the benefit of the country.

In January 2011 the Minister of Education Katrín Jakobsdóttir established a committee on how to improve the work environment of creative industries. This committee submitted a report in 2012 called the „Creative Industries – a vision for the future“ (Richardsdóttir, 2012). In short the report summarized the current situation of the creative industries in Iceland and offers suggestions on how to improve the work environment leading to further growth in these industries.

The report bases its definition of creative industries in large part on the UNESCO definition of creative industries but clearly states that this definition does not fully cover the scope of creative industries in Iceland. The report goes further to include the gaming industry as a part of its definition of a creative industry (Richardsdóttir, 2012, p. 9).

One of the main factors in this report is a summary of the distribution of public funds for 2011 and 2012 to these various industries. Glaringly, as is indicated in the report, no public funds were directly allocated to the Icelandic Gaming Industry during this period (Richardsdóttir, 2012).

Based on the findings in this report it is valid to argue that IGI could lobby for government funding to assist in further developing the gaming industry in Iceland. Therefore we submit the following proposal and our reasoning behind it:

i. A government funded PMO operating under IGI classified as 5 year project with clear measurable goals that would be analyzed after the 5 year term. The final goal would be for the gaming industry to take over the funding of the PMO in the future. The funding would be
two fold, first 30 million ISK in operational funds for the PMO itself and a further 50 million ISK that would be allocated to specific projects and grants to gaming companies.

ii. The 30 million in operational funds would cover cost of housing and salaries for 2 project managers that would be classified as employees of IGI.

iii. The further 50 million in project funds would be divided into two major categories. 15 million would be used for PR and marketing of the gaming industry and 35 million would be used for grants that gaming companies could apply for. The allocation of grants would be under the governance of an independent board of experts in the gaming industry.

There are strong examples of precedence for government funding of an IGI PMO; one example is the film industry in Iceland. In 2011 total direct government funding to the film industry amounted to 520.8 million ISK and 612.8 million ISK in 2012. These funds are two fold; The Icelandic Film Centre (IFC) was allocated 68.8 million ISK as an organization and then a further 452 million is placed in the Icelandic Film Fund, which distributes grants to a number of film projects each year. The Icelandic Film Fund is under the auspice of IFC (Richardsdóttir, 2012). “It is fair to say that the assistance that the government has provided towards the film industry has had positive results, it has created jobs and experience in the film industry in Iceland. This of course combined with the work that Film In Iceland does, has led to the recent increase of foreign film projects produced in Iceland” (Tómasson, 2013)

Another example of precedence for government funding, is the Iceland Music Export (IMX). IMX was established in 2006, its goal is to increase the export of Icelandic Music and the promotion of Icelandic Musicians in the global market. IMX is an independent company under the umbrella of Icelandic Music Association; IMX receives private and public funding. In 2011 and 2012 IMX received 17 and 26 million ISK in government funding respectively (Richardsdóttir, 2012).

It is difficult to estimate the impact of government funding towards an IGI PMO. If the government were to fund this project we believe that it would create a considerable Return on Investment. We therefor suggest that analyzing the financial impact of government funding for an IGI PMO would be the next logical step and an excellent opportunity for continuing research for this subject.

To add further weight on why government funding is valid, a comparison of the export revenue of the creative industries can been seen in the figure below (Sigurðardóttir & Young, 2011).
As can been seen in the figure above gaming is by far the largest contributor to the export revenue within the creative industries in Iceland. What is interesting is the fact that out of the 10 gaming companies that are present members of IGI almost all of this revenue comes from only 2 companies, both of which are over 15 years old. The other 7 to 8 companies are startups in need of funding and expertise. With this in mind there are definite opportunities for further growth of companies in the gaming industry, all they need is some assistance.

From another point of view, below you will find a comparison of the biggest opening weekends for a film versus the first day sales of the biggest computer game from 2007 to 2012. This figure is first and foremost shown to provide reference as to how big the computer games industry really is.

<table>
<thead>
<tr>
<th>Year</th>
<th>Biggest film</th>
<th>Biggest game</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Spiderman 3</td>
<td>Halo 3</td>
</tr>
<tr>
<td></td>
<td>$151M</td>
<td>$170M</td>
</tr>
<tr>
<td>2008</td>
<td>The Dark Knight</td>
<td>GTA 4</td>
</tr>
<tr>
<td></td>
<td>$158M</td>
<td>$310M</td>
</tr>
<tr>
<td>2009</td>
<td>Twilight: New Moon</td>
<td>COD: NW2</td>
</tr>
<tr>
<td></td>
<td>$143M</td>
<td>$310M</td>
</tr>
<tr>
<td>2010</td>
<td>Iron Man 2</td>
<td>COD: Black Ops</td>
</tr>
<tr>
<td></td>
<td>$128M</td>
<td>$360M</td>
</tr>
<tr>
<td>2011</td>
<td>Harry Potter: Deathly Hallows</td>
<td>COD: MW3</td>
</tr>
<tr>
<td></td>
<td>$196M</td>
<td>$400M</td>
</tr>
<tr>
<td>2012</td>
<td>The Avengers</td>
<td>Diablo III</td>
</tr>
<tr>
<td></td>
<td>$207</td>
<td>$210</td>
</tr>
</tbody>
</table>

Reference: Collected by CCP from official data.
In the end, what it comes down to is what direction our economy should be heading. The gaming industry falls in line with what has been suggested in a McKinsey report published in 2012 “Charting of a Growth Path for Iceland” (McKinsey Scandinavia, 2012). That Iceland in the “International sector” should focus on “strengthening the infrastructure for entrepreneurship”, “International and mobile industries” and “Start-ups and growing businesses” (McKinsey Scandinavia, 2012, p. 93). We wonder if they were talking about gaming!

5. Conclusion

Having taken into account all of the content that has been provided in the research process and evaluated it in context with the broad definition of what a PMO is. It is our position that a PMO would definitely help IGI meet its goals set out in their strategic plan. It is based on the following facts enumerated below:

The gaming industry is young and heavily contingent on small startups that are in need of investment and assistance. The industry has huge potential in playing an important role in Iceland’s economy.

Work performed on achieving IGI’s goals is a slow process; committees tasked with carrying out work for the different fields assigned to each committee do so in pro bono manner when they have time between their normal work load and personal life. The possibility to expedite this work is a certainty it is just a matter of framing how that work should be done. Continuous work on achieving the strategic goals is paramount because alternatively the risk is that the strategic plan becomes distant and vague and stakeholders will eventually lose interest. Dedicated project manager or managers would therefor dramatically change the likelihood of IGI reaching its goals since it would be the first time that IGI would have dedicated staff working on their projects.

A PMO could offer solutions to organizational problems that IGI is facing today. A PMO would be able to offer direction and act as a facilitator for the committees providing better scope on the projects being done. A PMO could also take on the role of an active project management team that would perform the task stipulated in IGI’s strategic plan and in coordination with IGI’s board. It would further offer much needed legal, marketing and financial consultation to startup companies that would otherwise be very costly for them.

The benefits of a PMO are clear. Besides the obvious benefits of resource management i.e. time, money and manpower, a PMO brings project structure and oversight to IGI as an organization that is lacking in both. A PMO would accumulate its experience in projects that would help them develop best practice procedures that would optimize future projects undertaken and lower the risk involved. And as project managers in a PMO environment they will be able to focus in more detail on PR and event management which is very time consuming and expensive that needs constant monitoring.

Our research has shown that a PMO is a much wider term today from when it was first introduced some 30 years ago. The flexibility of PMO means that we can define its purpose in correlation to the spirit, characteristics and culture that is representative of this free spirit and informal industry. For these exact reasons, we believe that an IGI PMO should be setup as a
functional project management office taking on specific projects that need to be resolved in accordance with IGI’s strategic plans, but also offering various services to startups. The PMO would however take on more conventional responsibilities when developing standards and best practices to maintain efficiency.

A government funded IGI PMO has precedence when looking towards the film and music industry in Iceland. It is estimated that funding a PMO for IGI would carry a considerable ROI benefitting the country. Further research is needed to establish the ROI.

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