European Games Developer Federation

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EGDF: "DON'T BE SILENT, REPORT YOUR FINDINGS" – THE LESSONS LEARNED FROM UNITY'S FAILED RUNTIME FEES

About EGDF

1. **The European Games Developer Federation e.f. (EGDF)[1]** unites 24 national trade associations representing game developer studios based in 22 European countries: Austria (PGDA), Belgium (FLEGA and WALGA), Croatia (CGDA), Czechia (GDACZ), Estonia (Gamedev Estonia), Finland (Suomen pelinkehittäjät), France (SNJV), Germany (GAME), Italy (IIDEA), Lithuania (LZKA), Netherlands (DGA), Norway (VIRKE Produsentforeningen), Poland (PGA and IGP), Portugal (APVP), Romania (RGDA), Serbia (SGA), Slovakia (SGDA), Spain (DEV), Sweden (Spelplan-ASGD), Switzerland (SGDA), Turkey (TOGED) and the United Kingdom (TIGA). Through its members, EGDF represents more than 2 500 game developer studios, most SMEs, employing more than 45 000 people.

2. **The games industry** represents one of Europe's most compelling economic success stories, relying on a strong IP framework, and is a rapidly growing segment of the creative industries. In 2021, there were around 5 500 game developer studios and publishers in the EU, employing over 85 000 people and running a combined turnover of over €18,3bn[2]. In 2022, Europe's video games market was worth €24,5bn, and the industry has registered a growth rate of 5% in key European markets[3]. The European digital single market is the third-largest video game market globally.

3. **Step by step, video game engines are becoming key gatekeepers of European cultural and creative sectors.** Unity[4] dominates game engine markets, Unreal[5] being its primary challenger. These two engines are not just clear market leaders in the game industry but increasingly vital market actors in film, architecture, and industrial design and simulations. In 2022, Unity reported that globally, 230,000 game developers made and operated over 750,000 games using the Unity Engine and the Unity Gaming Services portfolio of products.

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[1] For more information, please visit www.egdf.eu
[2] EGDF-ISFE 2021 European games industry insights report
https://www.egdf.eu/wp-content/uploads/2023/07/V9-VGE_EGDF-video-game-industry-report2021.pdf
[3] VGE-EGDF 2022 Key Facts
https://www.videogameseurope.eu/news/europes-video-games-industry-publishes-2022-annual-key-facts-report-all-about-video-games/
[4] https://unity.com/
[5] https://www.unrealengine.com/en-US

Don't be silent

4. EGDF welcomed Unity's decision to cancel the Runtime Fee model for its game developer customers in September. It is clear that Unity must generate revenue to run its business, but it should not happen in a manner that endangers the whole game industry ecosystem depending on Unity services. Unity would not have changed its fee structure without loud and clear feedback from the game developer community. This demonstrates why it is crucial that game developer studios unite and raise their voices against unfair market behaviour.

Share your observations with EGDF

5. Unity has cancelled the Runtime Fee, but this does not mean that its market behaviour will not require constant monitoring. EGDF is pleased to note that game developer studios have continued to share their concerns about Unity's practices with it, and it welcomes all further observations game developers want to share.

6. There is still a lack of trust in Unity in the markets. Unity has now introduced major changes in its terms and conditions twice within just one year, and on both times, Unity has given only a few months for game developers to prepare. The fact that Unity has abandoned install fees does not mean it will not change back to them one day or introduce other excessive price changes. At the same time, the extent to which Unity connects the customised packages with its other services beyond the game engine is still an open question. And, there continues to be some unclarity regarding Unity's licensing policies for free accounts and partnered enterprises.

It is time for the EU to act

7. Unity's behaviour demonstrates the seriousness of service provider risks in the game industry for small and medium-sized game developer studios. Large studios can minimise these risks by developing and maintaining their game engines, which gives them a clear competitive advantage.

8. The unreliable and unstable contractual framework Unity provides for game developers' studios demonstrates why the EU needs a new approach to competition policy, introducing a regulatory framework for unfair, non-negotiable B2B contract terms and the process for changing them.

9. Unity's failed experiment with install fees has provided a positive market push for its small European competitors like Godot and Defold. To defend Europe's digital sovereignty, the European Commission should support this pro-competitive market momentum and increase its support for privacy-friendly open-source alternatives for game engines in upcoming Horizon Europe calls.

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