

KOCH MEDIA

Europe's number one publisher

SHORT VITA

Dr. Klemens Kundraitz founded Koch Media together with Franz Koch in 1994. Today he's CEO of Koch Media Holding and Managing Director of Koch Media GmbH. He is responsible for strategic planning, publishing, subsidiary companies and the management of suppliers. Up until recently he was also on the board of directors of BIU.

Koch Media heads to gamescom with a catchy slogan. CEO Dr. Klemens Kundraitz reveals why the message from Europe's leading publisher is so important to Koch Media, how Koch Media became number one and talks about the significance of aggregating products in distribution.

GamesMarkt: We'll make an exception today, and start off by talking about BIU instead of Koch Media. After many years of service, you did not stand for re-election as CEO. Why?

Dr. Klemens Kundraitz: I had announced my intention not to stand for re-election internally at BIU several months ago. It wasn't a decision made overnight. The association is enjoying an excellent phase right now. It's exceptionally well positioned, the office does great work and we've made huge strides in recent years. Another aspect to consider is that I've been on the BIU board for 9 years. At some point, it's time to make

way for a new generation and fresh ideas. My decision was guided less by personal motivations than by an understanding that this is a very good time for BIU to hand over the reins. It was a coincidence that Bernd Fakesch did more or less the same thing.

But it's caused quite an upheaval in the association...

Then again, our board of directors is made up of excellent people and I firmly believe they will move the association's objective forward with new ideas, new vitality and a lot of enthusiasm. As for me: I remain a BIU member people can count on and will continue to contribute to the various panels at BIU. So from that viewpoint I'm still here.

Let's talk about Koch Media and gamescom. You're presenting yourself there as Europe's biggest publisher. What's the story with that?

We're emphasizing that because it's a

very important statement for us. As a company, we initially grew as a distributor. Later on, we established the publishing label Deep Silver, to which we gradually added our own IPs, initially on PC and now on consoles and mobile platforms. Those developments have progressed enormously, especially in the last four years, yet at the same time we have also advanced considerably as a partner publisher in Europe. I think that deserves to be communicated. Of course we know we aren't the only ones in Europe, but we're definitely the biggest. No matter which yardstick you use, whether it's revenue, number of products, number of partners or the longevity of our partnerships.

Why don't you describe yourself as reseller or distributor anymore? That would work too, right?

Sure, but we're increasingly acquiring digital distribution rights so our work isn't limited to a bricks and mortar business and hasn't been for some →



AT THE HELM: Dr. Klemens Kundratitz is in charge of Koch Media since its foundation in 1994 and lead the distribution company into the publishing business

TEAM PLAY: F1 2016 is the current highlight of the cooperation with Codemasters. No other company uses Koch's services in more countries than the British developer



„Ultimately, publishing is about more *than just the technical ability* to offer the product to consumers.“

DR. KLEMENS KUNDRATITZ

→ time. That's why we no longer talk only in terms of distribution, and instead say „Number One European Publishing Partner.“ Wherever we perform publishing functions like marketing, social media and PR, you can call it partner publishing.

How does your experience in retail benefit you when acquiring digital rights? There was a period when most developers thought self-publishing was the way to go, until they found out it wasn't as easy as that.

We should probably differentiate by platform. Let's talk about the PC first. I think the idea of marketing your products yourself as a PC game developer does have merit, because of good access to Steam as the world's leading distribution channel. However, today it's becoming increasingly difficult to obtain the visibility necessary on Steam. Ultimately, publishing is about more than just the technical ability to offer the product to consumers. Many companies have understood that and returned to focus on their strengths as developers. However, naturally there are exceptions, for example, developers who succeeded in evolving into a developer publishing company.

And on consoles?

Market conditions are different there. The lion's share of the console market is physical. Digital's share is growing continuously, but nowhere near the rate it did on the PC. Physical distribution, which is complex and indirectly involves many logistical issues, will remain the predominant business model for the next five years, at least for major products.

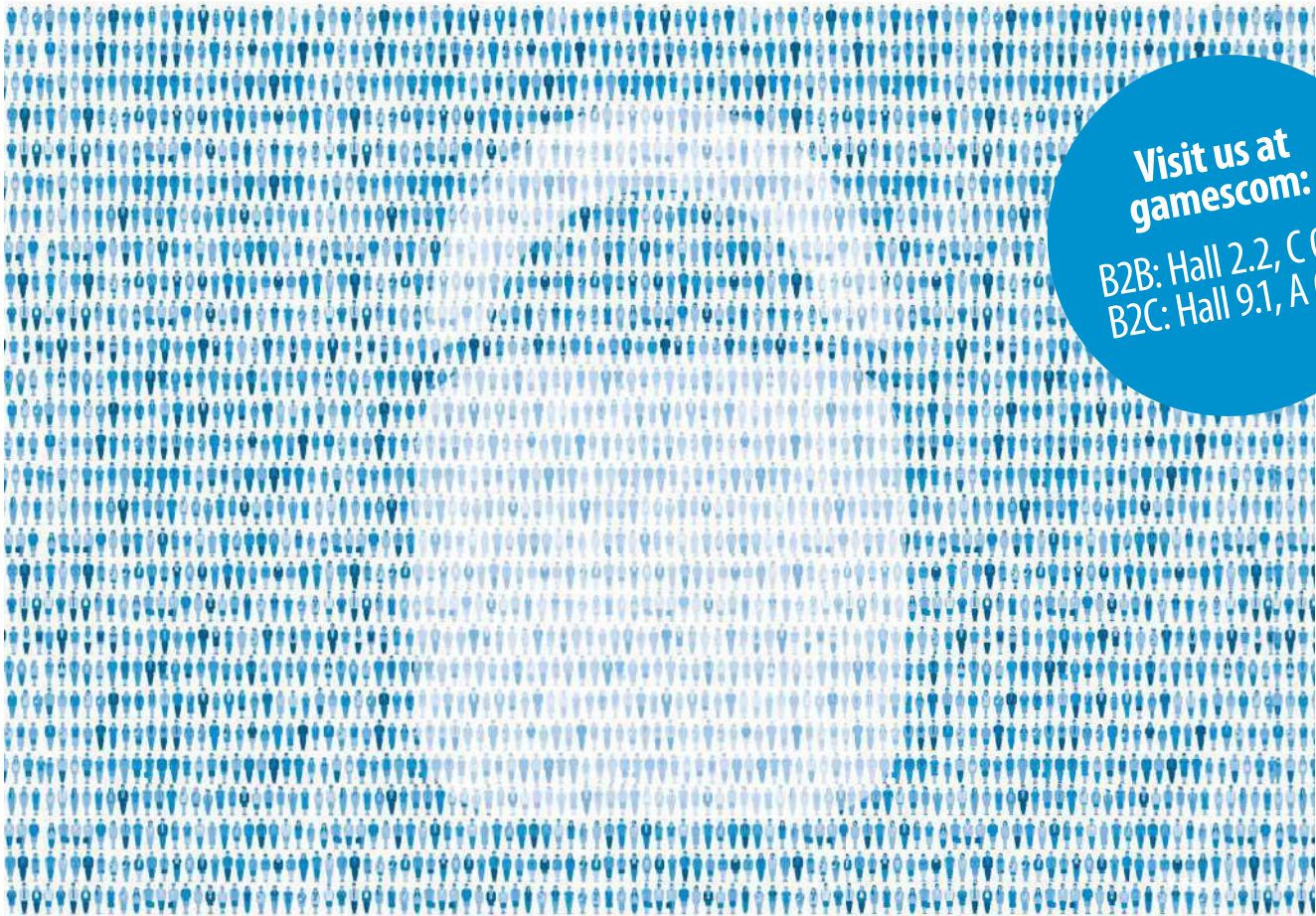
Let's talk some more about Koch Media as a publishing partner. About a year ago, you acquired the most extensive partnership in Europe at the time for an external company, Codemasters. Was that your crowning moment as a publishing partner?

We're Codemaster's publishing partner, not just in EMEA but also in North, South and Central America. You could call it two crowning moments, because we succeeded in bringing the publishing partner concept to both sides of the Atlantic – and →

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→ we're very proud of that. We've known Codemasters for years. We enjoyed many successful years as partners at the beginning of the F1 era. There was a brief intermission and now we've joined forces in an even closer partnership which benefits both companies strategically. Others notice our mutual success and this makes Koch an ideal partner for off-line – or physical – and online publishing.

How interested are other Koch Media partners in your partnership with Codemasters?

What matters most is that we create customized packages for our partners that suit their particular circumstances. Koch Media doesn't take a one-size-fits-all approach. Each partner gets their customized solution: Some want help with publishing, others are just looking for a partner for physical distribution, and yet others are in search of someone to co-finance their products, reduce the risks or they

want an efficient package deal. There are so many aspects to consider and so much fine-tuning required before a partnership works smoothly for both sides. We may have a global contract with Codemasters, but we're still interested in working with other partners who might just be limited to Italy, for example. We are modular and will stay that way.

That's what your partners appreciate right?

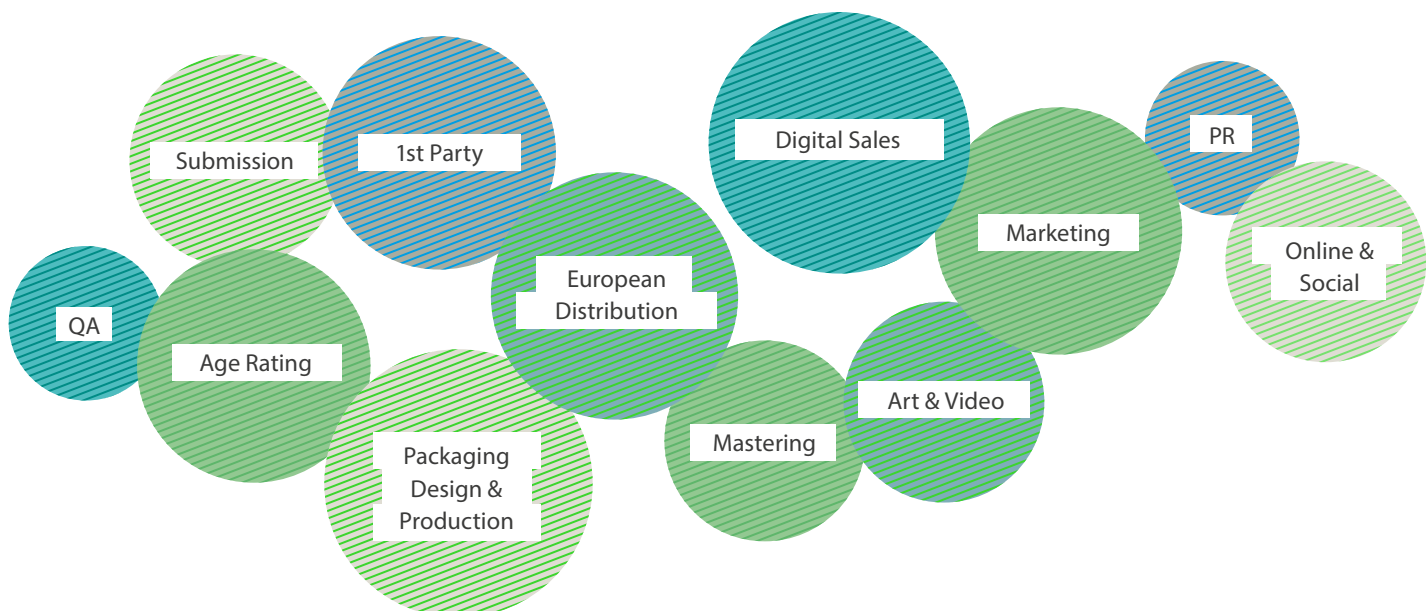
What matters to our partners especially is that we're independent and that we're not at the mercy of a single partner's or product's success. We are very well positioned. We work with companies like Codemasters as well as Sega, Square Enix and CI Games throughout Europe almost universally. These partnerships grew over the years, and didn't comprise all countries right from the start. There are other companies we support in specific tasks. For example, we work with Bethesda in Scandinavia, Italy and Spain. We cover another cluster with Koei-Tecmo, and likewise with Focus Home Interactive, who of course run operations themselves in

their native France and the Benelux countries. We've been in Spain for years with Capcom, and recently added the Benelux countries to this partnership.

„Number One European Publishing Partner“ – Koch Media is also in the US market. When will we be talking about the „Number One Global Publishing Partner“?

We aren't nearly as well positioned in the US as we are in Europe. It's true that with Deep Silver Inc. in San Francisco we've been operating in the USA for over ten years, but we don't do physical distributions there. We cooperate with Square Enix on that score. We have a kind of interdependent relationship with Square Enix. We distribute in Europe for Square Enix and they distribute in the US for us. Also, the physical market in the US differs considerably to Europe. It's a much smaller range that focusses even more on triple A titles. A company with a setup like Koch Media in

KOCH MEDIA PUBLISHING SERVICES



Europe would never work in the USA.

Your list of partners reads like a virtual 'Who's Who' of the industry. The only names missing from it are the really big ones. What would you do if EA knocked on your door?

We're open to all publishers. Generally, we're oriented to content and partners. Our strength lies in joining distribution and publishing services. The latter extend from first party relations, QA and localization to the entire range of marketing and brand management

„A company with a setup like Koch Media in Europe would never work in the USA.“

DR. KLEMENS KUNDRATITZ

services. CI Games, the Polish publisher of Sniper Ghost Warrior 3, which we presented at our gamescom stand, is all about physical distribution and marketing throughout Europe. Atlus, a US publisher and our most recent partner, wants full-service publishing. It has a great product with Persona 5, but no publishing infrastructure in Europe.

What about the risk of supplier content being too similar?

It's a very consistent mix. It matters a lot more that we don't venture into areas we're not good at. If I were to try to convince young developers that Koch Media is the next big indie partner, disappointment would be inevitable. We don't

have to do everything for everyone. What we definitely excel at is publishing major products in all European countries without trade-offs. We're just as good in Spain and Italy as we are in Germany and the UK. And →

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Crowdfunding like Kickstarter is a trending topic, particularly among independent developers. How do you see it and what are your experiences of it so far?

Kickstarter is an interesting way to get financing and indicates how much consumers are interested, but it also complicates matters for publishers. For example, we faced quite a few challenges with *Mighty No. 9*, because Kickstarter backers were promised it would be released on nine platforms. The more commitments a partner enters into with backers, the less freedom a publishing partner has in choosing ways to make the product a success. So from that viewpoint it makes sense to consider the consequences for publishing carefully when launching a Kickstarter project.

Last but not least, Deep Silver. A recent release, *Homefront: The Revolution* was a pretty large production that scarcely hit the charts.

To be honest, *Homefront* didn't meet our expectations. First of all, we only

„The products keep getting bigger, but so do the intervals between releases.“

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→ speaking of the UK: A lot of well-established companies have operated there for years, but thanks to our cooperation with Codemasters, Sega and Square Enix, we're the leading publishing partner.

By the way: Why do the companies in the United Kingdom choose Koch Media when access to the UK market is supposedly so easy?

It isn't. Why doesn't Codemasters, a British company in business for more than 20 years, take the reins in its home market itself? Because Codemasters knows that it takes specialists and manpower to maximize retail in England. Because all companies – irrespective of England – have a problem: The products keep getting bigger, but so do the intervals between releases. When there's a lull of several months, maintaining a group of distribution experts in every European country simply isn't economically feasible. You also need to have a certain relevance when dealing with retail in each country. Aggregating products so they come from one source translates primarily into more sales power for everyone.

Let's look at the figures. As a privately owned company, you're not required to publish your turnover. However, can you give us a ballpark figure?

I can give a very rough figure and say that our consolidated sales are in the range of 300 million euros. We've grown in the past year and will grow substantially this year, too.



HEADQUARTER: Koch Media is based in Plannegg, south-east of Bavaria's capital Munich

failed to infuse the Homefront brand with new energy, which had already faced skepticism because of its track record. But that's part of business, too.

have ourselves to blame that the studio didn't deliver the technical quality on day one that we had imagined and which would have been necessary for a global hit. Of course we're continuing to service the product, which means supplying patches and the DLCs that are planned. In addition, May was a surprisingly difficult month for releases. Delayed products of other publishers increased the competition and sales in May weren't good for the industry as a whole. Ultimately, we

Some people feared there would be consequences for the developers.

No, our studio Deep Silver Dambusters in Nottingham is continuing its work and I am convinced we'll be very successful with the studio's products in future. We're investing more than ever in own products and Deep Silver's pipeline is full of very good titles. As for upcoming announcements – let's just say we've got some surprises in store!

STEPHAN STEININGER



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