

Podcast “Filming in Portugal. See the big picture” | Season 2

Transcription of the episode 4 with Jeferson Valadares and Francisco Moreira

[00:00:14 Martin Dale]: I'd like to welcome everyone to another episode of the podcast *Filming in Portugal: See the big picture*. And today we're going to talk about the video gaming industry in Portugal. And we're delighted to have two guests, Jefferson Valadares, who's the president of the Portuguese Video Games Producers Association, and Francisco Moreira, the head of the Gaming Hub by Unicorn Factory Lisboa. I'm Martin Dale, I'm a journalist with *Variety*. So perhaps we could kick off the discussion with Francisco. So we're recording this on the 19th of December 2024, and it was exactly one year ago that the Gaming Hub of the Unicorn Factory Lisboa was launched. If you could tell us a bit about that.

[00:01:00 Francisco Moreira]: So first of all, thank you for the invitation. You are right. Today is the birthday of the Gaming Hub. So the Unicorn Factory Lisboa is a non-profit organization with 12 years old. The biggest incubator and accelerator in the country.

We've been developing for the last 12 years incubation programs focused on startups. And two years ago, we started also with our Scaleup program, for the scale up, so the startup that went to the next level. And the Gaming Hub came from the strategy of spreading the ecosystem of innovation through the city, and not just in two places in a more generic startup format. So, the strategy has been to create, now has been launched four dedicated hubs. The Gaming Hub was the first, then the Web3 Hub, the green Hub and the AI Hub. And the goal is a little bit in each vertical, as we call it, to create a space for the community and industry. Get together more. Focus on the topic and on the industry they are they are working on. So I would say the goal is a little bit to replicate what has been done by organization the last 12 years, but focus on the gaming industry, with the only difference that we include all the industry and not just the founders of small companies.

We have small companies, of course, but also international big companies. We see students, tech providers for gaming. So, all the industry, somehow... We even have one esports club as a member.

[00:02:39 Martin]: So switching to you, to Jefferson. Your view as the president of the Portuguese Video Gaming Producers Association has a kind of wider view of everything going on in the video games industry here in Portugal. And you yourself, I think you're originally from Brazil. You've been here six years. Talk a bit about your own kind of career. Very synthetic. How you ended up here in Portugal, in Lisbon. And how you view the video game industry?

[00:03:11 Jeferson Valadares]: Yeah, that's the first thing. Again, thanks for having me as well. Yeah, I guess like a lot of Brazilians come here straight from Brazil. That's not my case. You know, working games, when I started, late 90s in Brazil, there were no jobs. So I had to start my own company. I had to be like a founder from the beginning.

After a few years, I felt like, you know, to grow my career, I had to move abroad. And I think that's a feeling that many people in Portugal have, like, you know, like leadership. In Brazil is way better now, but it was very limited back 20 years ago. So I felt, I had to move abroad. So I left Brazil. I lived a couple of years in Helsinki and lived four years in London. And then I lived in San Francisco, in California for eight years. And I ended up in Portugal because in 2018, which is when I had

worked at some big companies like EA, Bandai Namco, or like big game publishers. And I was kind of interested in kind of having a startup again. And I looked at several cities in Europe like London, Paris, Stockholm, Helsinki, Berlin, Barcelona... Portugal was not originally on my list, but like, I had a friend in London who said

“Hey, you should go check Portugal out. Things are bubbling.”

And I was like, whatever. Because, you know, in Brazil we still have the kind of dictatorship delay. Like we still look at Portugal as if, you know, it's stuck in time, right? I mean, not anymore, but I would say even up to ten years ago, we looked at and it was like “this is a backward country” or whatever. But I came and I really enjoyed, particularly because I met some of the guys from Startup Lisboa, which is, you know, Unicorn Factory. But [also] other startups, universities... And I felt, “oh, there's something happening here”. And I felt it was a good place to invest. It's not as well established in games as other places. Again, I mentioned London, Stockholm, these are places that have more industry. Portugal is still kind of in the early stage. But I felt like it had all the bits to be a good place, right?

Like good talent, good schools, people spoke English, which is an underrated thing, because in Europe you can't guarantee. If you go to Spain or Italy or Germany, you can't guarantee that you can actually speak English. Portugal can pretty much assume that. Good flight connections, which again, it's something a little bit underrated. But, you know, you can fly directly to San Francisco, which is one of the hubs for gaming in the world. So that's great, actually.

So that's it. I came here to invest. I moved here, started my company. Well, actually came to visit, liked it so much, went to ? and started the company immediately. Which is one of the benefits of being here, some of the bureaucracy works - even though the Portuguese have a very negative view of their own bureaucracy. But I think, again, in the grand scheme of Europe, it's kind of middle of the road. It is not terrible. It's not great, but it's good. So I started a company, went back to California, and I applied for the visa. And then I moved here, about six and a half years ago.

[00:06:04 Martin]: In addition to the Video Game Producers Association, you've got your own company. If you could just very quickly summarize both and then I'll go back to Francisco.

[00:06:14 Jeferson]: Yeah. So I moved here and I started a gaming company. It was a startup. So I actually was in the old *prédio* in Baixa, like first at the old building, they had an incubator there. It's called Doppio. So it was a game company. We made games where the interface was audio, so use your voice as the interface. It's like games where you talk to the game. This is the innovation we try to do. And then we start a company, we got investment from Amazon, Google, Portugal Ventures, buying. A couple of local funds, a couple of big companies in the US, a few angels, grew the team a little bit.

And then in 21, I was raising another round when Fortis, which is a company who I work for now, they acquired my studio. They came and they wanted to kind of expand and they liked what we're doing. So they bought the company. And so now I work for Fortis, for this global game developer and publisher remote company. We have 400 plus people around the world, you know, working on different games. So that's, I guess, my day job.

The other thing I tried to do, because I came here, I started figuring out the community, meeting people, and I realized “okay, maybe we should get more organized”. And another thing that I did before I left Brazil, I started the Brazilian Game Developers Association. It was 20 years ago,

because I felt like, you know, in order to talk to the government, in order to be able to have a voice, with legislation or benefits or all those things, you can't do that as a company. You need some sort of association. Right.

So, I felt Portugal needed that. And luckily other entrepreneurs and people here felt the same, so we had several meetings talking about it. It's not like guess Portugal work. The meetings had to be in the center of the country, because if it's in Lisbon, then people from the north hate it. And so we had to find a place near Coimbra to have the meetings. But yeah, it was great. We kind of had the momentum to start the association. And I think partially because I had done it before, I kind of became, I guess, the person who kind of lead that up. So, I took the challenge and we kind of started it a few years ago. We actually just finished the first term, I got re-elected as president, last month at the General Assembly. I have another three years in front of me. But the association is really to kind of grow the gaming ecosystem in Portugal, where they obviously focus on the companies.

Because these are the employers, these are the tax generators. I think these are the people that make the environment stronger. Of course we care about the players and of course we care about the sales that, you know. But the main focus for us is how to make games in Portugal, how to increase the quality of the games made here, how to increase the business success of the companies that exist here, how the companies can learn from each other, how we can represent Portugal abroad. So we did two missions this year, I should say, in San Francisco and in GDC, and then in Cologne, in Germany, at Gamescom. We had a Portuguese stand, which is something that hasn't happened before. So we tried to increase the profile of Portugal abroad, but also make sure that it's easier to start a company here and be successful. There's kind of what the association is about.

[00:09:37 Martin]: But so Francisco, in terms of the Gaming Hub and your sense of the size and the scale and the growth of the industry of the video game industry here in Portugal. Obviously, what Jeferson was talking about, some of the main hubs like San Francisco, or even bigger bases like London, Stockholm... Portugal is very small in that, in terms of its scale. But give us a sense of your perspective. And then I'd like to ask the same question to Jeferson, your perspective on the growth of the industry, the growth of different companies. And is it all concentrated in Lisbon or is it pretty distributed across Portugal? Just give us a sense of how you see the industry growing.

[00:10:21 Francisco]: So, of course the countries matter, but sometimes you can even consider a city. The example of Montreal: It's not a huge city, but the gaming industry there is very, very big. And it is something that you can have in Portugal, something similar. I guess it's what we aim for here, in the Lisbon area.

So I think Portugal has video game companies all over the country. Probably Lisbon is where more companies are concentrated. And we have, overall, a little bit of everything. Some industries or companies are focused more on mobile or PC. We have a little bit of everything. Something that has been happening recently is the moving of companies coming here that already exist outside and open a branch here. Or people that come here and start a company from scratch, or even individual people that come here and work remotely from here. I want to believe our contribution, gaming and PvP also contributes for the growth. But the one bigger change that we have been seeing is the moving of international companies and people investing in Portugal.

[00:11:35 Martin]: Can you give, just give some examples. So Jeferson talked about Fortis investing in his company. Just give us some examples.

[00:11:43 Francisco]: We have many examples. Fortis came. Funcom, which is working on *Dune*, came. The Gang, which is the biggest developer on *Roblox*, came to Lisbon. Well, the first of all was Mini Clip that has, I believe, almost 400 employees by now. Also, Lockwood came a few years ago. Some of these companies has already more than 100 employees. All of them have been growing. When they open office here, with time, they've been growing. The most recent, it was probably FunPlus, a big mobile international company that's opened an office here to focus more on mobile, PC and console games.

And they actually brought very experienced Portuguese from the outside. They opened a company two months ago, I believe. And they are already growing their space and doing something that someone is doing for the first time, which is bringing Portuguese that went abroad, but growth in way more experienced, now moving them back to Portugal. So I believe, the growth of the industry in Portugal been around 40% per year. So I would say we were having a growth similar to what startups had here in Portugal, but we're just a few years behind. But the perspective is very, very good.

[00:12:58 Martin]: And with the Gaming Hub, with these other companies coming in, within Gaming Hub, it's mainly Portuguese startups, or there's a strong connection with the foreign companies as well.

[00:13:09 Francisco]: So we have everyone that is here in Portugal who wants to be connected here. Doesn't even need to have a company here. We have several companies. We have a couple that started ten years ago to do tools in the unity store. They live here. The company is not here. Because while being here, they integrate the Unicorn Factory incubation program with the new AI startup tool to focus on games. So we have a little bit of everything, and there's no requirement for us to have a company here. The goal is to make the community grow. Not just necessarily the companies and their metrics and KPIs, but also the community in overall. So a person that wants to come and live here in Lisbon and the region wants to be connected with the community... It only lives here, nothing of the companies here, is welcome. Is welcome to the Gaming Hub.

[00:14:02 Martin]: That's great. So Jeferson I don't know if you've got extra stuff to add in terms of the view from the producers association of the scale of growth that Francisco was saying about 40% a year and the companies coming in, I don't know what you can add to that.

[00:14:17 Jeferson]: Yeah. So I think the growth, both in revenue and number of employees, has been double digits for the last few years. So it's been really growing. And I think it's a mix of the local companies but also new companies coming in, like Francisco mentioned. Right. I think it's no secret that Portugal was kind of "found" in the last few years. So a lot of people from the US and different countries kind of moving here, that means that some of them bring the companies because they are here. And then that means small offices, which means becomes a bigger office.

So the growth is there. I think what the association tries to do is ensure that continues and that we can kind of make sure that the companies that are starting can be successful and survive. And also make sure that, a little bit like what Francisco said: we kind of represent our associates, our studios, and we do require them to have an operation in Portugal because, you know, we have to draw a line somewhere. Sometimes we invite organizations not as invited member, but we do primarily try to make sure people are running the operations from here. But we also help, we

get a lot of requests from people saying “hey, I want to move there”. Or “thinking about moving my company, what is the situation like?” So we try to help the same way, like Francisco tries to help. We are often the first point of contact for a lot of these companies coming here.

And I think, my biggest experience seeing a place that comes from nowhere and become a big hub was when I lived in Helsinki. Because Helsinki used to not be famous for games, but then they had a few companies that had a little bit of success, and then they got acquired by American companies so they kind of grew and learn how to do marketing, how to do big scale productions, things that you don't necessarily learn unless you're in a big market. But they were able to learn that in Finland because they were owned by an American parent. And then the people who left this company started new companies. And that second wave of companies generated things like Supercell, Rovio... And now Helsinki is known as a gaming hub in the world because they have a lot of big companies that happen there. But this is a process of several years, right, of small companies get acquire.

So sometimes people are like “oh, why do we want all these foreign companies here?” But I think that mix is very important for the growth, because the knowledge is not here, the knowledge is somewhere else. So these people come in, they bring the knowledge. Which means the people are coming out of school, they can go work.

If somebody comes to work at Fortis today, they're learning. They're working in exact same conditions as if they were in California. And they have the same software, the same training, the same... People don't have to immigrate anymore like they used to be, you had to, if you wanted to grow your career. What I had to do, I had to move abroad. Now you can have world class jobs in Portugal. And I think the more we have people going through that, I think the next generation of companies - and I'm saying like three, five, seven years from now - that generation of companies is going to be very promising. And I think that's when we should expect to see some really strong local companies that are going to be famous around the world.

[00:17:53 Martin]: And if I could follow on with that question to you, Jeferson. So what are the key factors that are attracting people to Lisbon and the factors of growing as a hub? Like Lisbon being on the radar in terms of an attractive location is one factor, but there must be specific things related to gaming and talent and costs that are explaining why it's growing as a hub.

[00:18:08 Jeferson]: Yeah, I should say, one of the strong factors is the quality of education, right? There are good universities, you know, think about Técnico, FEUP, in Porto, Aveiro, Braga. There's a lot of good schools. That generates quality talent. And I think that's primarily, when a company is trying to go somewhere, they want to go to a place where they know they can find the talent. The second thing that becomes...

[00:18:31 Martin]: Let me just interrupt. But those are programs specific to video gaming or to computer animation? What kind of programs are we talking about?

[00:18:40 Jeferson]: Good question. I think it's generally a little bit of everything. Portugal does have quite a few video game programs. I don't know if the company cares. I think they want somebody from a good computer science school. Like, it's probably more valuable than a programmer that comes from a video game school, but, you know, it depends. But it's good that there's variety. So, there's a lot of people from video game courses, but also you mentioned, animation. Portugal has a history of animation, software development etc... So people come here because they see “okay, there are good schools, so we can find raw talent.”

Then the second step is how easy it is to integrate, like you mentioned. And that's when I think the language matters. Because again, if you try to do this in Spain or Italy or Germany or France... It's really not the same. Because I think most companies these days, they want to work in an integrated fashion, after the pandemic, it's more common that the companies work globally across, it's more co-development rather than... In the past it used to be units "oh, let's send this bit of work to this country. Let's send this bit over to the other country."

But the trend now is that people want to work in a more integrated fashion, right? They don't want to have like "oh, you guys just do this thing separately on your own." And that makes the language more of a big deal because I think, you know, having the language does help more. So I think that helps. Games are cultural artifacts. And I think, for Western companies, if you have a Western culture and you grew up watching the same movies, reading the same books, watching the same TV shows, that matters as well.

I think that's another advantage. Portugal is like a Western culture company, right? It's not like India where their first video game was the PlayStation 2, right? They kind of missed a lot of the history. When people talk about Super Mario, these guys never had that. They skipped straight into, further two generations. Whereas in Portugal people had those experiences. So, I think culturally there is that alignment, as well, that a lot of companies find easy to kind of work because they have the same assumptions, right. So I think this is another factor as well.

[00:20:54 Martin]: Okay. That's great. So Francisco with the Gaming Hub and with startup companies and so on, following on from what Jeferson was talking about, what are the key ingredients, as it were, for a start up company to be successful? What kind of niches are they working in? I don't know whether you can give specific examples or generic examples, but what is key to these new initiatives becoming successful?

[00:21:22 Francisco]: Okay. There are startups, or game studios, normally with more experienced people that can go to VC way or having an investment. But most of the small studios, they work a little bit sometimes like movies. They do a prototype, they go in funds with a publisher that funds the prototype and distributes, funds the development and distributes the game, and then they move to the next game.

So, one of the things that we've been helping in, and it's important to have in Portugal, is more coaching. So eventually something we're developing with APVP is trying to have our incubation program for game companies where they have all the coach that they need, to plan the game structure of the game will be developed and prepare the information to go to a publisher and fund the game. They can also go to the VC way. Of course, it's a legit way.

And the second step is something that APVP started and we joined, which is having a more international presence. So we took some of our members to the Portuguese pavilion that the APVP organized. It's also in our goals to increase the international connection next year. It doesn't mean only to go out. It can also mean bringing people in. Yeah, luckily, Lisbon is a sexy destination all day, so sometimes they can leave them just for holidays and then take advantage of that and bring them in and connect with the people. So I would say to have more, local IPS and local creation, those will be the most two factors, helping them grow and have more experience and connect them with more funding and distributing companies.

[00:23:14 Jeferson]: Yeah. Francisco mentioned something which is very key about the profile of the ecosystem today. There's a lot of talent. So I think from the point of view of engineering innovation, creative, creating a story or doing the audio, like all that talent exists and it's pretty

good. I think that the areas that are more challenging are business, right? Trying to come up like, "okay, what game should I make? How much do I think this game is going to sell?" Worrying about how much this game is going to sell. Because games are like commercial art, right? So, I mean, you can do that as pure art as well, or if you just want to have your own. But that's kind of more or less easy to solve, I think. But if you're trying to do this as a business, then you've got to figure out target markets, audience, sales, marketing, community. You got to figure out this stuff. And those guys don't think about that, because again, Portugal is a small market. And that's another, I guess, characteristic of the industry. Nobody sells games locally. I mean, we also games abroad like this is a global market, right? Every company starts as an exporter from day one.

So I think it obviously teaches you how to go there. But you're also like it's harder to learn here because the market here is not that strong. So having these events like Francisco mentioned, like bringing people to speak or taking the companies to kind of go abroad. This is how we kind of help them learn, because the business part and understanding the market is one.

The other one, I think, is like how to make games at a certain scale, because I think to make a game today, one two people, it's easy. But once you start having like 10 or 1500 people, hundred people in a production, then then there's not a lot of teams here to have that kind of experience. And that is complicated. So having that, more teams now doing this... Funcom is working on it, like a game that's hundreds of people and they have like about 140 people I think here in Lisbon working on that. So I think that knowledge is being absorbed here now.

These are the kind of things I mean, it's harder for the association or Gaming Hub to do something about that. But I think we can certainly help with the business. And then we can also bring experienced production. People can explain like, "hey, here's what how you organize your team. Here's how you should organize your tech", so you can kind of grow when it becomes bigger."

[00:25:36 Martin]: That's great. So, following on from what you've been saying, in terms of... There's the engineering talent, the creative talent. Francisco was talking about how often a game is worth like a prototype, a bit like in the film industry. Obviously this podcast, organized by the Portugal Film Commission, there's an interest to understand the link to the world of film. And, we know that some film franchises are transformed into games. Sometimes games are transformed into films. For *Variety*, a couple of years ago, I wrote about the animation series *Arcane*, which I think goes from the game to the series.

But, in terms of what's going on here in Portugal, obviously video games have a very strong visual dimension. The technology is developing, and some of those technologies can be used software like unity, not just in video gaming, but also in filming. How much of that is relevant to the what's going on in Portugal, the link between film and video games? So I can begin with Jeferson and then go to Francisco.

[00:26:45 Jeferson]: I should say it's stronger in other places. I think Montreal did a really good job with this because they had obviously Toronto as a film hub, and then they kind of made Montreal as a gaming hub, so they kind of had that connection there. I think in Portugal those industries don't talk as much as they should. One of the things we want to do with the association is to make sure the gaming people are talking to the other creative industries, and I talk about movies, but also books. Portugal has a very strong children's book scene, for example. They always have a big representation in Bologna, in the fair. They have award winning books, children's books. So why not have the game companies meet those guys and maybe make games for children, you know?

And the same thing with the films, there's a history of production here in Portugal and there's more, I guess, also like productions being made in Portugal, which means there's more stuff in the air. I think that needs to happen more, because I think everybody only has to win. Like you mentioned that tech can be used for both. Games often use writing talent, like, when I had my startup, we made a game based on the Netflix show 3%. So we worked actually, the writers on the TV show. Because we wanted to make sure that the game was true to the series, and I think this is just one of the examples of when a collaboration kind of makes sense.

We could say the same for the audio, right. I think people who make audio for movies, they could absolutely make audio for games. I think they kind of have to learn the kind of intricacies of different markets. But there's a lot of stuff we could do together. And this is definitely one of the things where the association, where I put my effort in next year.

[00:28:27 Francisco]: So actually before joining the Gaming Hub, I worked almost two years in a TV show production company. I was in the production team of two big TV shows. I think one of them was one of the top three in budgets in Portugal at the time. One of the reasons why I did that, so I like narrative games, I guess when they I would like to work on a narrative game. And you're talking about using IPS of gaming and movie in the other one, but there are actually now some movies that use live action shots to play the game.

So there's one guy that did *Her Story*, *Telling Lies* and *Immortality*, I believe. The last one I think you can play it on Netflix. Where actually all the graphics is not 2D or 3D graphics, it's like really live shot movies. In some menus you can unlock more information and have more videos and then go on. So, it's really the merge of the two industries because you have the game, but all the images are live shot. And this is something I was curious, so I was also one of the reasons I wanted to understand the, the production side of movies, which is completely different from video games. I believe there are opportunities. It's still a small market, a niche in the gaming scene. Not all games like this work out well, but they are becoming better. One of them went to Netflix, so it was successful enough.

Portugal is very strong in terms of shooting, like the commercials from outside companies and even scenes from TV shows, international TV shows. We could start probably with some movie production companies partnership... Do this, but for games that we do live.

[00:30:08 Martin]: And could you give examples? I know we've been talking how Lisbon in particular and Portugal in general is very much on the international radar. I think the Americans in particular are interested in and have been moving here. And in terms of content, there have been some video games with content like... I think Lisbon Earthquake in *Assassin's Creed*, if I'm not mistaken. How many examples are there of Portuguese content in big video game franchises, and how much potential is there for that to grow?

[00:30:45 Francisco]: It's a good question. Actually, there was an Asian indie game recently that created a game called *Sagres*, which is about Discoveries Time in Portugal, and then none of the team is Portuguese. So I guess we have things in our history that the international audience still wants to explore. There was one Portuguese game a few years ago that talked about Portugal in nowadays, kind of joking a little bit with all the cliches and so on.

I don't know if I have an answer. Like, you can explore our history and... our culture or permanent culture is becoming more famous. So I guess the possibility of having a bigger audience, it's bigger. This is, I guess, the topic that can be explored by the studios. Yes.

[00:31:33 Jeferson]: Yeah, but this is exactly why I think the collaborations need to happen, right? Because I think, if there are stories that have to be told or could be told from here - and there are tons of interesting things that happen in Portugal over the years. But sometimes the game people don't know. And if I try to think of the most, I guess, high level collaboration between a Portuguese developer and the movie industry... There's a game called *12 Minutes*, which is made by a Portuguese guy. He opened a company in Montreal, but he's born and raised here, but he moved to Portugal, because I think that's what some of the Portuguese people do.

In the game he had James McAvoy, Daisy Ridley, there's like real Triple-A actors, like Hollywood actors, in his game. And he is a Portuguese director, the guy who kind of created the game. So this absolutely could be happening here too. It's just that, I guess, a bit of artifact that is in Montreal at the moment. But he's been talking about maybe moving back here.

[00:32:34 Francisco]: We also have a few plans to connect with other creative industries. And maybe the key can be there, because I think, like Jeferson said, gaming people have a global audience since very early on. It's more common to see books in Portugal or music maybe to speak about what happened here in games. So a potential collaboration with the music, movies, writing, could generate more content that speaks about Portugal. Because if you bring those people that think on the content, and we have the knowledge and the tech, who knows what story can contain them?

And the beauty of gaming, let's say, from the perspective of tech scene is, first of all, we have a leg in tech and a leg in the creative side, but we actually can give work for all the type of creative people, audio, drawing, writing... So anyone working in all these industries could eventually work and collaborate in a game, which is also a way to easily reach the global audience. Because games are global from day one, which doesn't happen, for example, with the TV shows in Portugal, very little achieve a global audience.

[00:33:44 Martin]: Of this international dimension and the cultural dimension of Portugal, just a quick question to Jeferson. Since you're originally from Brazil, although you've worked many years outside of Brazil, but Brazil sharing the same language - although sometimes they seem like different languages - but how much links are there between gaming hubs or this activity in Portugal and Brazil, both in terms of companies working together or even content? Or is what's going on in Portugal very much more, North America and Europe?

[00:34:22 Jeferson]: It's a good question. The Portuguese Association, we signed an agreement with the Brazilian Association to do more collaboration. We did missions. You know, when they come to the Web Summit, we can organize things on the side and likewise when people go to Portugal. So we're trying to increase that sharing, because there's definitely a shared DNA there. And I think, Europe, Portugal became an easy place, because Brazil is growing and sometimes they feel like they have to go abroad as well, the companies once they reach a certain state. And I think Portugal is a natural steppingstone towards abroad. So a lot of companies come here thinking about that, like how do we get abroad. Right.

I think probably the biggest shared element is football because of course it's like that. And there's been obviously football games. I remember when I was growing up in Brazil, I played a game called *Elifoot*, which is made here in Portugal by a guy who lives in one of the islands. And I had no idea it was Portuguese, but it was written in Portuguese and it was. But I always assumed it was Brazilian, right. Because why would I think the game came from Portugal? But then after a few years, I forgot. "Oh, this game is made in Portugal." But it was like a football kind of management game. So I think there's definitely some elements of shared culture and the

language does help. Like you mentioned, I think Portuguese speak English a lot better than the Brazilians speak English. Right? In Brazil, you can't assume people are going to speak English everywhere, right? Like you can do it here. So I think the language is actually more important. I think that's an advantage, like a Portuguese team who can make good content in Portuguese, they're going to have an advantage versus an American team trying to do the same.

So there's definitely some advantages to that. And Brazil is kind of a big market. I think the challenge has always been that Brazil has never been a highly spending market. So there's a lot of people there. They play a lot, but they don't... They tend not to spend a lot of money. So I think it's more like an advertising based, or kind of small purchase. So maybe it's not as interesting, but I would say there's definitely opportunities, I think both ways.

[00:36:35 Francisco]: So as our organization is in Portugal, Brazil has the association for a longer period. But as our organization in Portugal grow and get bigger, the connection with Brazil is also growing. Unicorn Factory, in general, has plans of grow the international presence next year. The gaming is also one of the pillars there, and we want to extend our connections with local gaming hubs. And as these connections grow, I believe the corporations and the synergies will probably naturally come.

But I think the movie is maybe a good example for us, because all public institutions do partnerships of co-productions with public funding, which I don't think exists in games, public funding of co-productions international, but it's something I guess we could explore between Portugal and Brazil.

[00:37:25 Martin]: So I wanted to come on to that question of the public initiatives and support. But before I do so, I'd like to just talk a bit about the technological developments. So you've got real time animation. Also the question of artificial intelligence and generative AI, which has a series of legal issues related to, because of protecting the IP. What's kind of the state of play in terms of some of those technological developments of real time animation and questions like generative AI in the case of video gaming? Again, both of you, but it could be Jeferson first, then Francisco.

[00:38:08 Jeferson]: Yeah, I would say the games are very high, highly technical. And at any time there's like some sort of technical innovation, games tend to use it. I think like games are very much using all this stuff. Think about artificial intelligence, virtual reality, any sort of thing you think, there are games around it.

So I guess there's an understanding that it can help the production, like AI. But people are worried about the IP, how to make sure that I own everything. So I think definitely a lot of questions that need to be solved before this can be done at scale, but there's opportunities to kind of, maybe some of the repetitive work... You know, games need a lot of testing. So, maybe that work is not super highly qualified. Maybe some of that work can be automated over time. There are areas in which it can be a positive development. Real time animation, clearly you see more and more games using... A lot of better examples of real time innovation are in games, right? Like there's a lot of trailers and kind of prerecorded stuff too.

But I think a lot of, as the hardware gets better and the techniques get better, the engines you're talking about unity and real, before used to be super expensive to have access to all of these things. Now you can get it for free and then play with it. So it's definitely way more used than it used to be.

[00:39:45 Martin]: Okay. And Francisco, the same question.

[00:39:47 Francisco]: So I would split maybe into two groups. You have the generative AI. So the AI that creates content, and that's more tricky because of all the legal part that's still up to decide from there. But that's the other side of AI also, which is the AI that tech tools use in general. Because Gaming Hub is inside Unicorn Factory Lisboa, we have a few members that are tech companies, that the client is gaming, so they don't create games, but they are in the gaming industry that way. And some of them create solutions that companies would require a lot more time to achieve the results. It's also a good opportunity for smaller companies to have games with a bigger scale and compete with the big games, a better way than before. That's the good side of the AI in games.

[00:40:43 Martin]: And let's go on to the question. We touched on it, the question of the public support. So in the case of film and TV, there are cash incentives, Cash Rebate, Cash Refund to attract productions from abroad to shoot and do post-production - and inclusively for visual effects here in Portugal and other hubs that I've covered for *Variety* in London, in Paris, there are incentives specifically, more film and TV related. Video game is not my area of expertise, but as I understand, there are incentives in certain cities and countries... But if you could talk a bit about of what does exist and what could exist to make the hub for video game production stronger in Portugal?

[00:41:40 Jeferson]: Yeah, there's definitely many countries and cities like I mentioned, who have game incentives. Montreal is probably the biggest example. They have massive, massive tax rebates on salaries and stuff. So it allowed them to grow and become the biggest city in game development in the world because of that. But it's been like decades of investment, right. It's not something that they started last year. They've been doing this for a long time.

In Europe, many countries do as well. UK but also, you know, inside the EU, there are several countries that have... There are different types of investment, I think, in games. First is the kind of early stage, like Francisco was mentioning. When people are making the prototype. Usually if you try to go through a publisher, you need to show them a small version of the game, it's kind of the equivalent of a script like in a movie, right? You make this small version of the game and say "hey, can I get some money to make the full version of this?" And there are other countries where you can get the funding to do that bit.

So that's like tens of thousands of euros or something that you can do the prototype. That does not exist in Portugal. So Portugal is hard for a small company, like a small company here needs to figure out the funding themselves. What Portugal does have is kind of tech tax rebates. So I think if you're and games are software. So I think if you're building something and you have a reasonable amount of innovation there, which is almost always the case, then you can use programs like CFD and get some of the tax money back and that's good. I guess the problem is that tends to only help companies already at certain scale, because you need to be a little bit big and need to be paying a lot of tax. To be able to get the rebate, you need to have the accountants and all the people to do the work together with it. So the support for small companies is a little word like it needs to be improved here. And that's one of the things you're going to try to talk to the government this year about.

And then yeah, for the bigger ones, like I said, there are certain benefits already. I would say if you map out what happens in Europe, I think Portugal is below the average. And again, as the association... I think public funding is a kind of two edged thing. I think too much are given in the wrong way. I think it can actually be harmful to the ecosystem. So we're not advocating that "Oh

yeah. Free money” and you know, these things. But we think certain key areas, like prototypes... And you know UK has a thing, when you start a company for the first two years, if you're not generating any profit, you don't have to pay certain things, right? Whereas like, I think if you start a company here in Portugal, you immediately have to pay. Like there's like maybe €1,000. Of course, you have to kind of pay every month, even if you're not generating anything. And that dissuades a lot of people from starting a company.

There's a couple of other incentives, I guess for recruiting and different things that I think we could do to keep being attractive to senior talent. Because again, Portugal has a big talent, raw talent base, but it doesn't have a lot of super senior, people. And I think being able to attract those people is also important for the ecosystem. So based on these, we can analyze the ecosystem and say, “okay, based on these needs, maybe it's worth investing a little bit here, a little bit here, a little bit there.”

[00:45:04 Martin]: Well, maybe just to Francisco, in the case of the Unicorn Factory, does that have kind of public support? What do you think would be, in addition to what already exists, what could be created?

[00:45:17 Francisco]: Yes. So I believe there's normally three types of public support. Jefferson covered two, which is the tax rebates and the funding prototypes. The third one I would say it's the incubators in the hubs. This is almost always funded by public sector, sometimes or most of the time regional institutions. The Gaming Hub is a case of that. So we're besides Unicorn Factory, the Council Municipality of Lisbon is one of the six founders. The Gaming Hub specifically has an extra support from the town of Lisbon to exist. We also have private sponsors, like Fortis, but I believe the first public incentive to be dedicated specific for video games was actually the support from the mayor of Lisbon to the Gaming Hub.

Now the Gaming Hub is specifically the physical space, but the same thing for incubators. Even the private companies that do incubators then go to regional offices, that public offices fund. And this is very good. Side by side with the tickets to fund the prototype, the incubators and the gaming hubs is very important for the small companies. Grow and get mature and get all the knowledge that we spoke before in order to be able to succeed. So this pillar is starting a little bit in Portugal is very important to have. I guess the other two that we're working.

[00:46:52 Martin]: Okay, great. And maybe to round up in terms of since, as I said, the podcast is the Portugal Film Commission. What could you see as initiatives that would bring... Actually, I've got this question and I've got one other question, but this question to link, to explore more links between film TV on one side and video games and another here in Portugal. What could you imagine?

[00:47:15 Francisco]: I have a few ideas in the pipeline. Hopefully next year we can apply to do different activities to merge with creative industries. With movies, something I would like to do is some kind of motion capture game jam. Somehow, bringing people from directors and actors... Don't need to be professional, even students and amateurs. And bringing together also with some game developers. Game Jam is a hackathon of 48 hours creation of prototype. So that's something I have in pipeline eventually do, I think would be a good seed for both industries to see the potential in each other, but I think it would be a good start. Yes.

[00:47:54 Jefferson]: Yeah. For me it's like trying to come up with a workshop where we get the two industries sitting in the room together, and they kind of explain a little bit how their business works, and then we can get them to connect, and hopefully that will generate some collaboration

in the future. Because I think, again, there's a lot of similarities, a lot of talent overlap. I just think we don't talk enough. Like, we really got to fix that.

[00:48:17 Martin]: Great. And, so I did have this last question, as both have been saying, technology is very much a driver of video game innovation, and video games are constantly taking up innovation. Looking ahead. Sort of 5 to 10 years from now, how will people be playing video games? Will it be you, your Apple glasses, Apple goggles or, it'll be 3D spaces or virtual? Have you got any idea of how you see video game evolving?

[00:48:44 Francisco]: I would say everywhere. They will still gonna play the way they did before, but they're gonna play in the new ways to play. People will play anywhere. All the tech out there, it's going to be an opportunity for game designers to explore new experiences in gaming. And people will probably play everywhere.

[00:49:02 Jeferson]: Yeah, I think, if you look back to history, any time there's been any sort of technological advancement... People make it for that, right? So the very first video game is like a computer, a computer screen that people are doing, like some super serious science on it. And then somebody who's bored at night and then they created a video game, you know.

So I think that any time there's some sort of technology... And I think that's a very human thing, the fact that we play, it's humans. Right. So I think it's always been in us and I think the tech is just a way for us to get there. But yeah, you can assume as the tech evolves, I've been a bit more practical as a tech evolves, becomes cheaper. This is one of the things that makes the access more popular, right? The most popular place to play games today are mobile phones because everybody has one and you have one not to play games. You have it ostensibly for other things, but everybody ends up playing games with them because they already have them, and they can do that. Right. Even if they don't think of themselves as gamers, they end up playing something eventually in other devices.

You know, people talk about virtual reality. I mean, as the devices become... You're talking about the glasses. When it becomes a very small thing that doesn't cost, you know, 100 euros or something, then it's going to be way popular then it is now, where it's this bulky thing and battery doesn't last. And it's hundreds of euros. That's how technology works, gets cheaper and cheaper as it evolves. That's one of the things that as somebody who's been making games for 25 years, helps me stay excited, because it changes all the time, all the time. There's always something new.

[00:50:52 Francisco]: Exactly. Some new tech sometimes requires a challenge of new business models. Sometimes the tech comes, and new technology comes and people don't play a lot of games right away. There are all these games being developed in the new technology, but it takes some time to figure out the right business model for that technology.

Mobile took a little while, but then got it right. VR and AR didn't scale as much, but there's still people trying new stuff and it will eventually get their own way, voice as well. So that's the challenge, I would say the new business model, but there will be games for every...

[00:51:28 Jeferson]: It's also an opportunity for Portugal, because we're not weighed down by the history in the sector. Right. So we are free to kind of try different things. And I think that's one of the advantages that I have in this kind of startup environment here, because we're kind of building that, I guess, people know this is a cool thing to do. People know this can change their

lives. This can change other people's lives. So I think the more we create a startup culture in the country, the more I think we can kind of make these things.

[00:51:56 Francisco]: I believe that's what's happening in Helsinki, right? So they got the beginning of mobile and they grow.

[00:52:01 Jeferson]: Yeah. When I lived in Helsinki, nobody wanted to be a founder. They wanted the job. Maybe they want to take a salary every month, right? But then once this big company is super groovy and people are like "oh, I can be cool by having a company. Great." The kind of entrepreneurship culture started to flourish. You need the heroes, the kind of role models. And I think that's one of the things that we're just starting to have here. But I feel really good about that here too.

[00:52:29 Martin]: That's great. Well, thanks ever so much. That's a very inspiring way to end our conversation, which has been fascinating. I've learned a great deal, and I'm sure the listeners have learned a great deal. And best of luck with both of your ventures. It sounds very exciting. So I'd like to thank Jeferson and Francisco for their valuable insights and invite people to the next podcast as well. And thank you very much.

[00:52:52 Francisco]: Thank you for the invite.

[00:52:53 Jeferson]: Yeah, thanks for having me.