



# GamucateX

## **PRODUCT DEVELOPMENT: PRODUCT PRICING**

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## **EXECUTIVE SUMMARY**

The aim of the document is to examine possible revenue generating methods. The document also highlights possible valuation of the product. It is predicted based on the number of high school students in Denmark (145,000), if the game were sold for 2 AUD per students at the school, Gamucatex can generate 290,000AUD. Subscriptions would lock in ongoing revenue for years to come, and the product would be cheaper for the schools. Alternatively, Gamucatex can partner with government which would speed up the process the game being implemented across the schools.

### **Key Highlights**

- Subscription method provides on going in revenue.
- Partnerships remove the hassle of marketing
- Partnerships increase market reach
- Subscription methods can reduce customer costs
- Schools on average have 788 high school students.
- Costs for schools to have the game could vary from 0AUD – 39,400 AUD.
- Prices can be adjusted based on schools' budgets.

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## **PROPOSAL SCOPE**

Gamucatex is currently in the process of the prototyping stages of the game. The game has been distributed at schools for feedback. As Gamucatex moves forward with the project, pricing of the product must be determined. The aim of the proposal is to examine the different ways Gamucatex can monetise the product and determine the product's value.

## **TIME AND MANAGEMENT**

Dependent on project milestones, it is expected that the product will be fit for sale upon approval by the founders. Once statistics and the product are endorsed by reputable sources, the product will be fit for pricing and sale. Commencement date is expected to be January 21<sup>st</sup>, 2022.

## **SCHOOL ANALYSIS**

**The following statistics were obtained from the Danish Ministry of Education.**

In 2020, the number of upper secondary schools in Denmark amounted to 184.

As of 2020, 688 thousand pupils attended primary school, most of whom were enrolled in public primary schools. In fact, around 517 thousand pupils attended public primary schools, while private primary schools counted 122 thousand pupils.

The number of upper secondary students in Denmark amounted to roughly 145 thousand students in 2020,

## **REVENUE GENERATION**

**The following options are different methods Gamucatex can generate revenue for the product:**

### ***Government partnership***

Gamucatex can aim to pitch their product to the Danish government – ministry for children and education. If the government sees that the game is a credible source for information which aligns with curriculum the government may pay for the game to be distributed or the game or an alternative may be negotiated with the founders.

Key points

- Cost to be negotiated or offered by the government.
- Guaranteed distribution of product
- Possibility of future contracts
- Lose control of some aspects of the game

### ***Independent seller***

Gamucatex can operate as an independent seller of the product. Utilising avenues such as steam or using business to business methods, Gamucatex can approach students, teachers, parents to sell the game. Gamucatex can determine the value of the product and devise their own marketing campaign or out-source a marketing group.

Key points

- Gamucatex determines the product value
- Requires the development of a marketing campaign
- Requires a sales team
- Requires platforms such as steam as a selling platform

### ***Subscriptions***

Gamucatex may approach schools and pitch the game (private/government). If the school decides to adopt the game as a teaching resource Gamucatex could provide a subscription to the game for students. This can involve a reduced price for the game across the school/year level for longer subscription periods and more students using the product.

Key points

- Maintain control of the product
- Requires sales pitch
- Subscription revenue is guaranteed for the time
- Provide customers with a trial
- Special offers can be made to customers to develop brand identity

### ***Sell the game to existing developer***

Gamucatex can sell the completed game to existing Danish Gaming Companies. This will require Gamucatex to pitch the finished product to an established gaming company or group. If they are interested in the product, they negotiate a purchasing price with the founders and aim to monetise the game using their own methods.

#### **Key points**

- Give up all rights to the game once sold
- No creative control once sold
- Profit will be divided based on equity distribution
- No future income

### ***Curriculum aligned Learning Platform Partnerships***

Curriculum aligned learning platforms are subscription services which can be found in schools now with the implementation of technology in schools. They provide a service with educational videos/additional questions/additional readings. Gamucatex can approach Danish online learning platforms and look to partner with them. The private companies could pay Gamucatex to integrate the game as part of their packages which they sell at schools. Currently in Australia we have 5 major companies who are embedded in schools (EduRoll, education perfect, stile, etc)

- Removes the issue of approaching schools and pitching idea.
- Working with established companies
- Packages the game with other educational services.
- Negotiation of prices will be necessary.

## PRODUCT PRICING

**Pricing of Gamucatex's educational game is dependent on the following factors.**

- Is the game going to be cheap and accessible for all students?
- Is the game going to be accessible globally?
- Are similar games more expensive?
- What is companies revenue goals?
- Are customers happy to pay more for independently developed games?
- Will Gamucatex offer digital copies or hard copies of the game?
- Is it mobile friendly?
- Do you need hi-spec PC?

The following includes pricing options based on existing products.

### ***AAA Games***

- Triple A games are high quality gaming products. Generally, in Australia these products sell from **80-100 AUD**

### ***Independent Games***

- Independent game sellers have varied prices. Some independent games are **free** on steam whilst other can cost more **40-50AUD**

Dependent on Gamucatex's objectives of providing an educational game, the game could be priced at **0-50AUD to purchase a single unit.**

Subscription with schools may change accordingly dependent on the number of years subscribed and number of students who have access.

*Exampled provided below.*

Years subscribing	% savings from original price
1	5%
2	10%
3	15%
4	20%
5	25%

Number of students who have access	% Savings from original price
0-20	10%
21-50	15%
51-100	20%
Greater than 100	25%

## REVENUE FORECAST

Revenue forecast could not be generated for government or privatised company partnerships

Revenue forecasts are being made of the assumptions that:

- Only secondary school students have access
- All students/schools have subscribed
- Everyone can access the game
- It is assumed that 145,000 danish upper school students will have access to the game.
- Values are in AUD

***\*Note if the game is available to all year levels (primary and secondary) the market is substantially larger reaching 688,000 students.***

***\*These values may change dependent on subscription type***

*Varied Sales of upper school only.*

Game Value (AUD)	Number of Unites	Revenue Generation AUD
Free	145,000	0
5	145,000	725,000
10	145,000	1,450,000
20	145,000	2,900,000
50	145,000	7,250,000

*Varied Sales of upper school and lower school.*

Game Value (AUD)	Number of Unites	Revenue Generation
Free	688,000	0
5	688,000	3,440,000
10	688,000	6,880,000
20	688,000	13,760,000
50	688,000	34,400,000

The potential revenue to be generated if all schools were to subscribe could be a lot of money. This is the benefit of partnering with the government. It will be placed in all schools however potentially at a lower cost.

**There are 145,000 students across 184 upper schools. On average there is 788 upper students per school.**

*Average cost per school for the game.*

Game Value (AUD)	Number of Students	Revenue Generation (AUD)
Free	788	0
5	788	3,940
10	788	7,880
20	788	15,760
50	788	39,400

## **RISK ANALYSIS**



The largest identifiable risk associated with the product pricing is a schools' budget. These calculated values may exceed the schools 'History Budget' and prices may need to be adjusted accordingly to suit the schools' needs. Even if the game were to cost 1 AUD per student, the revenue across high schools alone would 145,000AUD per annum. Prices can be adjusted as per the schools needs to accommodate them.

## **OVERVIEW**

Gamucatex can partner themselves with established groups such as the government or online learning platforms. This will allow Gamucatex to enter the market quickly and improve its reach. There is more revenue to be generated acting as an independent seller. Gamucatex can sell their product incredibly cheap and still generate revenue. Early stages for Gamucatex, the game should be priced low to generate interest or a free trial period. Subscription fees with reduced pricing dependent on the number of year and student access should be implemented.