

Chapter 3

Livelihood of Musicians and Game Developers

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Chapter 3

Livelihood of Musicians and Game Developers

Passion and artistic production are two things that musicians and game developers have in common. They pour their hearts and time into their creative works. But an irregular income and uncertain success also come with the territory. Living off their art has always been a challenge to artists all over the world, whether they live in developed or developing countries. Even those who may have experienced fame at some point in their careers could end up growing old and poor. The stigma persists that a creative career is not a viable livelihood or that artists need to dedicate themselves fully to their art.

It is no different with Indonesian artists. Whilst some musicians and game developers have built entrepreneurial strategies, they still depend on family, friends, and intermediaries to promote their work. Or they pursue art as a hobby whilst working at another job. Their predicament is a result of financial limitations, lack of knowledge and exposure, and the fact that not all artists are natural entrepreneurs. However, digital economy has brought new opportunities and possibilities for independent game developers and musicians to market their work. But they need adaptable and social qualities, creativity, and innovation—all key entrepreneurial skills—beyond just artistic skills (Hermawan and Abiyusug, 2021).

To better understand the economic lives of independent game developers and musicians, it is important to analyse the different dimensions of their work, such as production, the costs involved, their income sources, and their participation in the market. Then areas can be identified that need to be addressed to further unleash game developers' and musicians' potential for growth.

1. Economic Lives of Independent Game Developers

An indie game developer is a person or a small group of people working on their own projects without the backing of investors or venture capital. Indie Game Group Indonesia, for example, has over 2,000 members (IGGI, 2023) with diverse backgrounds: audio artists, businesspeople, game designers, visual artists, programmers, and students. They all share a deep passion for video games and typically begin developing games as a hobby or alongside their professional activities.

Depending on their background and experience, game starters typically make a living in fields such as web design, app creation, teaching, art and photography, or custom character creation. Some are employed by established game studios whilst students are usually supported by their families. Some developers can build small capital through crowdfunding or by investing their personal savings from money earned at previous jobs.

In most cases, game development is done in parallel to working until one game sells well. Typically, developers create many game prototypes before finally releasing a game. Making

games is a way to gain experience. Riris, co-founder of GameChanger, said *My Lovely Wife* is her 33rd game. She self-published three games and did not earn enough to break even. She decided to work with a publisher for *My Lovely Daughter* and *My Lovely Wife*. She and her game studio co-founder spent their own money until *My Lovely Daughter* became a success 1 day after its release. She then left her job as a librarian to dedicate herself to game development. The other 25 games and prototypes are dormant.

Game publishers play an important role in positioning games in the market. They should be able to calculate, predict, and analyse players' behaviour and advise on changes that need to be made for the game to sell well. Equally important, they must have good promotional skills. Self-publishing a game is not easy, whether in Indonesia or globally. With increasing competition, releasing a game requires a huge promotional budget. According to Game Developer (2022), 6,000 new PC games were released during the first half of 2022, averaging more than 34 a day. However, finding a willing publisher requires an appealing game for the international audience, a convincing pitch, and skilful financial negotiation. It is even more challenging for those who live and work outside Jakarta, do not have industry contacts, or cannot speak English fluently because, except for one Indonesian PC game publisher, all publishers are non-Indonesians based in the United States, Europe, Singapore, China, and the Republic of Korea.

The mobile game market is different. In 2020 (Play Today, 2023), there were 477,877 and 957,390 mobile gaming apps on the Android and the App Store platforms, respectively. The fierce competition is due to the largest gaming companies dominating the market. As most mobile publishers ask game developers to first demonstrate the economic profitability of a game before committing to its release, the game must be released and running to allow data and statistics collection. Yet, some game developers have managed to penetrate the local market. Indonesia has some highly successful games such as *Bus Simulator*, *Educa Studio*, *Epic Conquest*, *Happy Glass*, *Lokapala*, *Selera Nusantara*, and *Tahu Bulat*.

Box 3.1. *Selera Nusantara* by Gambir Studio

Gambir Studio was created in 2016 by a small team of friends who started off with the viral success of a small crossword mobile game, *TTS Lontong*. It was created in 3 days by two developers and generated IDR2 million in 2 months.

The team reinvested the earnings in three unsuccessful games before releasing *Bubur Ayam Express*, which was downloaded over a million times.

In 2021, Gambir Studio released *Selera Nusantara*, which was downloaded over five million times, winning the following awards:

[Selera Nusantara a Best Indies Game, GooglePlay for 2021!](#)

[#GooglePlayBestOf.](#)

[Nominated for Google Play Users Choice 2021](#)

[Best Indonesian Mobile Game, The Lazy Award 2021](#)

Best Indonesian Game Developer, The Lazy Award 2021

Selera Nusantara is a wonderful example of a successful Indonesian mobile game inspired by local culture.



About this game

Help Siska in her journey to be a MASTER CHEF in *Selera Nusantara*, the award-winning cooking game. Simply tap away and enjoy the fun and fast-paced gameplay in this chef simulator.

Explore the rich tapestry of authentic Indonesian food in this game. Pecel Lele, Nasi Goreng, Sate Ayam & Kambing, Mi Rebus, Mie Goreng, Bakso, Mie Ayam, Bubur, Ketupat, Martabak, Seblak, and so much more. New menu items to come!

Source: Gambir Game Studio.

<https://play.google.com/store/apps/details?id=com.gambirstudio.makanan>

With a financially successful game, indie developers are considered 'good to go' and can invest in another game. If a game generates more than the return on investment, developers reinvest the profits into new projects. If the game fails, developers usually return to their side activities until they earn enough money to invest in a new game.

Rage in Peace, the first game of Damas from RollingGlory Studio, just managed to break even, and so the studio went back to making websites and apps. The second game the studio self-published 2 years later was a success, and since then it has focused on game production using its savings.

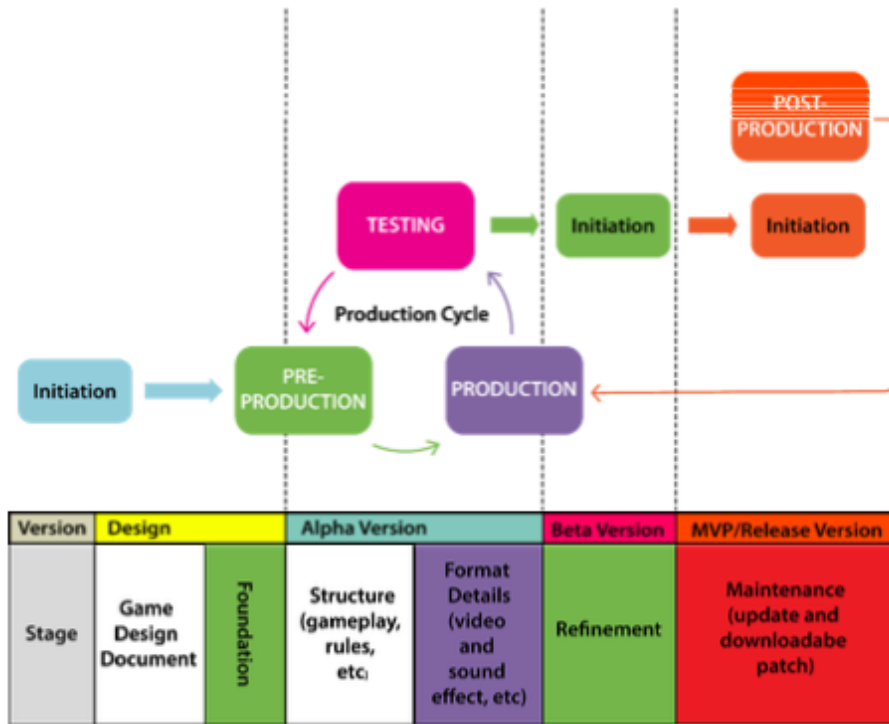
Many studios are bootstrap companies and rely on their own resources. B2B services to make games for corporates willing to advertise their product, or educational games for non-governmental organisations, and outsourced contracts from foreign game companies are important in the gaming industry. B2B services for bigger studios help bridge the financial gap and offer the possibility of using invoice orders as collateral. Whilst they are Agate International's core business, B2B and outsourced services provide revenue to many game developers and game studios either working directly with foreign companies or sub-contracting with studios in Indonesia.

Because of market context, many game developers opt to make PC games. Whether on PC or mobile platforms, the success of a game is unpredictable. Many excellent games have been developed over several years, with beautiful artwork, but failed to make it, whilst a small mobile game developed by two or three people in 2 days could go viral, like *TTS Longtong*, developed by Gambir Studio.

Some developers use strategies such as funding the production and releasing a part of a self-published game and reinvesting the first profit in the production of the second part of the game. Following the strategy, Digital Happiness Studio has invested steadily using crowdfunding and personal savings since 2013. Many studios fund the prototypes and then look for a publisher. Besides having knowledge of the industry and the market, publishers will generally advance the money needed to produce and market the game, with the understanding that their investment will be recouped from the first sales. Depending on the arrangements between game developers and publishers, sales revenues after the advance has been recouped will be shared on a 40%–60% or 50%–50% basis for the publisher, or even 30%–70% in some cases. The advanced funds allow developers to survive and to dedicate themselves to making another game. Riris from GameChanger makes it a point to negotiate above 50% for GameChanger. She abides by the following rule: Development cost should be as small as possible and her own percentage should be as big as possible.

Regardless of type, game production involves a complex set of stages (Figure 3.1).

Figure 3.1. Cycle and Process of Game Production



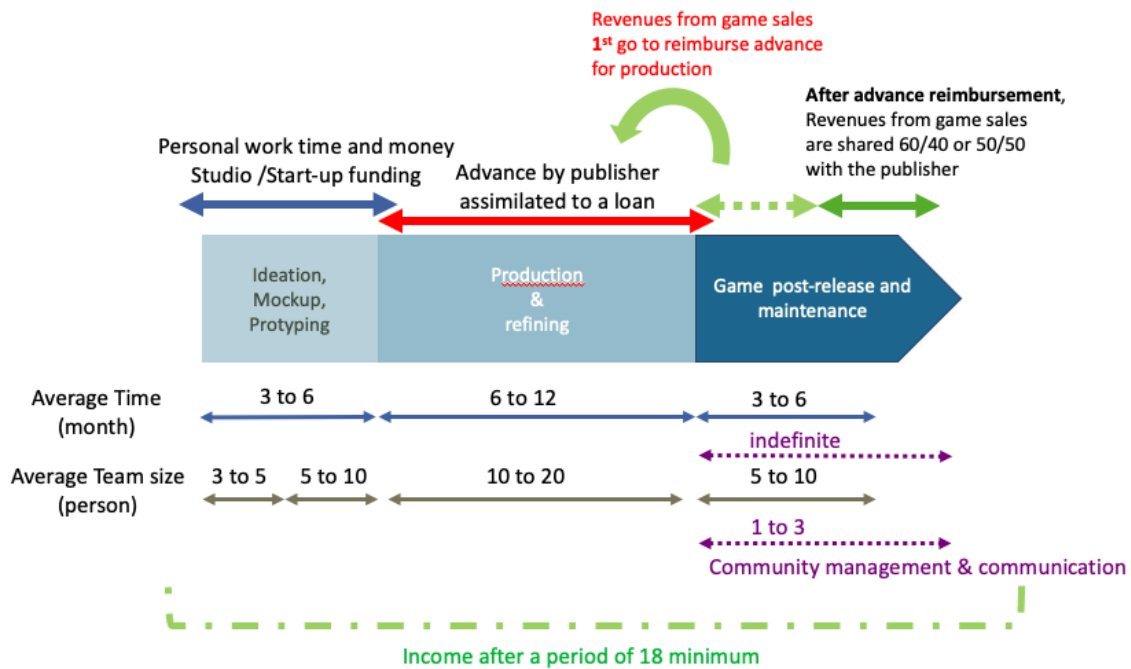
MVP = Minimum Valuable Product
 Source: Basori, Mardiana, and Setiawan (2018).

Game designers and developers use a large set of skills throughout initiation, pre-production, and production. Their activities include market analysis, and development of gameplay design plans, mechanics, and game levels, all culminating in the creation of a game design document and a prototype. A PC game prototype is pitched to publishers, whilst a mobile game prototype is used to test the game. Depending on the scope of the game, each stage can involve teams ranging from three people to a larger number of designers, artists, and technicians.

Creating a game can take from 2–3 days, 4 months, or 1 year for small projects, and up to several years for more ambitious projects. For comparative purposes, the study focuses on medium-sized PC and mobile games.

Figure 3.2 shows an overview of standard production process requirements and a funding mechanism for a publisher-supported medium-sized PC game released on a digital platform.

Figure 3.2. Overview of Production and Funding Mechanism for a Publisher-supported Medium-sized PC Game



Source: Author, based on information collected during the interviews.

Creating a medium-sized PC game may involve, on average, depending on the project, 3–10 people over 3–6 months for ideation, mock-up, and prototyping, typically funded by game developers.

The production stage, which involves up to 20 people, can last 6–12 months, depending on the complexity of the work, and the team’s experience and efficiency. In the best-case scenario, the game will be ready for release within 12 months, at which point, it can begin making money.

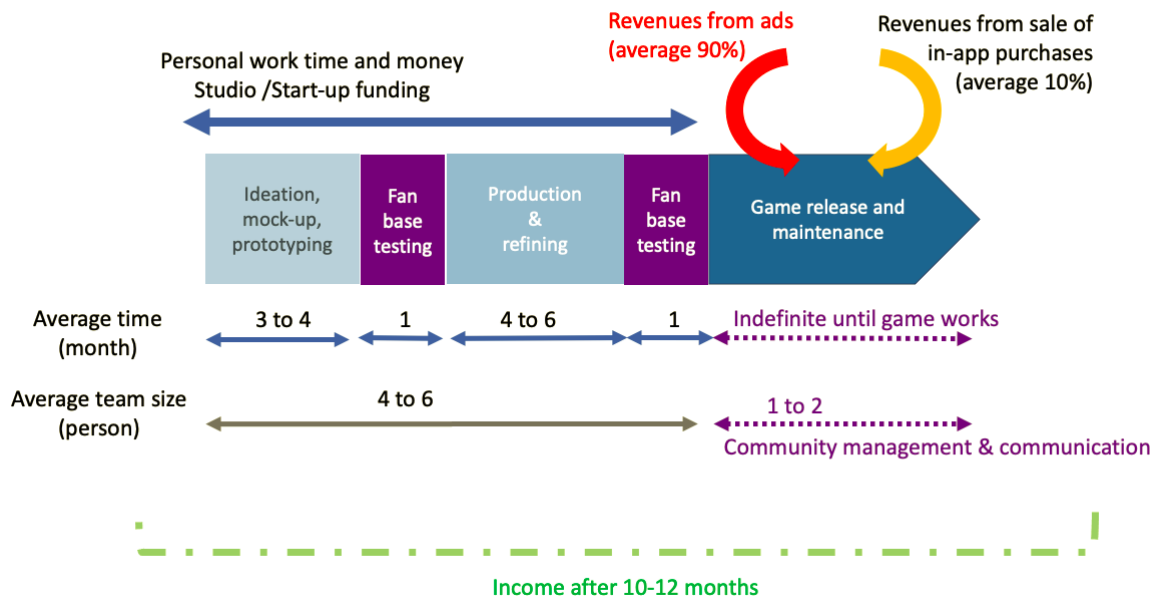
A game’s success is known immediately after its release and can last many years depending on the game’s popularity. Game studios receive regular monthly payments from their publishers.

The time required to produce a medium-sized mobile game is about the same but with only four to six people. However, PC game developers who have a publisher typically receive a development advance fund from their publisher, which covers their living expenses and enables them to fully focus on game development. In contrast, mobile game developers must fund the production themselves before they can release the game (Figure 3.3).

Mobile game developers, however, have the advantage of earning money immediately upon their game’s release, without having to wait for an advance recoupment. The business model for mobile games also differs from that of PC games. Whilst PC games earn from downloads on platforms such as Steam, free-to-play mobile games, which are popular in Indonesia, earn revenues from advertisements and in-app purchases, such as extra lives, coins, weapons, unlocking levels, etc. Spending money on in-app purchases provides players with a premium gameplay experience whilst providing a valuable and popular revenue source for game publishers in many countries. In Indonesia, however, players do not spend as much on in-app

purchases. According to Gyan from Gambir Studio, in-app purchases account for only 10% of revenue generated by their mobile game whilst 90% comes from advertisements.

Figure 3.3. Example for a Medium-size Mobile Game



Source: Author, based on information collected during the interviews.

A comparison between a PC game developer who has a publisher and a self-published mobile game developer, both starters, shows the considerable impact of cost recoupment and publisher's cost on game developers' revenue. Hence, game developers need effective negotiation skills. The amount advanced by the publisher to make and promote the game entitles the publisher to a percentage of the net revenue made from the sale of the game. If the publisher provides all the money required to develop and promote the game, the game developer will not be in an advantageous position to negotiate the percentage to give to the publisher. On average, the percentage varies from 50% to 60%, and some game developers mentioned a 70% share for the publisher. Whilst a PC game developer can recoup expenses from sales if it is successful, revenue is less important for the PC game developer compared to a mobile game due to publisher's cost (Figure 3.4).

Figure 3.4. Comparative Gains for Starters of Successful PC and Mobile Games



Average net revenue accord to gross revenue	
US\$ 200 000	US\$ 500 000
- 30% (Steam)	- 30% (Steam)
- 11% (Tax)	- 11% (Tax)
= 118 000	= 205 000
- 100 000 (advance)	- 50% (Publisher)
= 18 000	
- 50% (Publisher)	
= 9 000	= 102 500

Average net revenue accord to gross revenue	
US\$ 200 000	US\$ 500 000
- 30% (Google/Apple)	- 30% (Google/Apple)
- 11% (Tax)	- 11% (Tax)
= 118 000	= 295 000

Note: PC games have a publisher.

Source: Author, based on information collected during the interviews.

In both cases, game developers, as they gain experience, improve their chances of releasing successful games and making more money. PC game developers use tools to test and optimise their games, which can help reduce risks. Working with a publisher can provide an indication of the value of the game since the advance development fund is like a guarantee. In the case of small and medium-sized mobile games, some developers minimise the risks by testing the game on a large sample of players before producing it. If the testing results are positive and the developers decide to proceed with production, they will make the changes suggested by players and test the games again to ensure that the final product works properly. If the results are negative, the developers can go back to the drawing board and create a new game prototype, repeating the process.

2. Economic Lives of Indie Musicians

The music sector in Indonesia is a large and diverse community of performers, cover singers, songwriters, composers, and producers across a wide range of genres. Whether pursuing their craft as a hobby or striving for recognition on social media, many musicians work independently whilst others work with major labels. The lines between indie and label-affiliated musicians are seldom fixed, as a major label artist can decide to become independent, and an independent artist may choose to collaborate with a major label to produce a single or an album.

An Indonesian artist can earn and make money from many streams. The first is work for hire, where one is paid to perform for a gig or a concert or to record songs. Writing songs is another stream. When an artist works with a major label, profits from concerts and music sales are

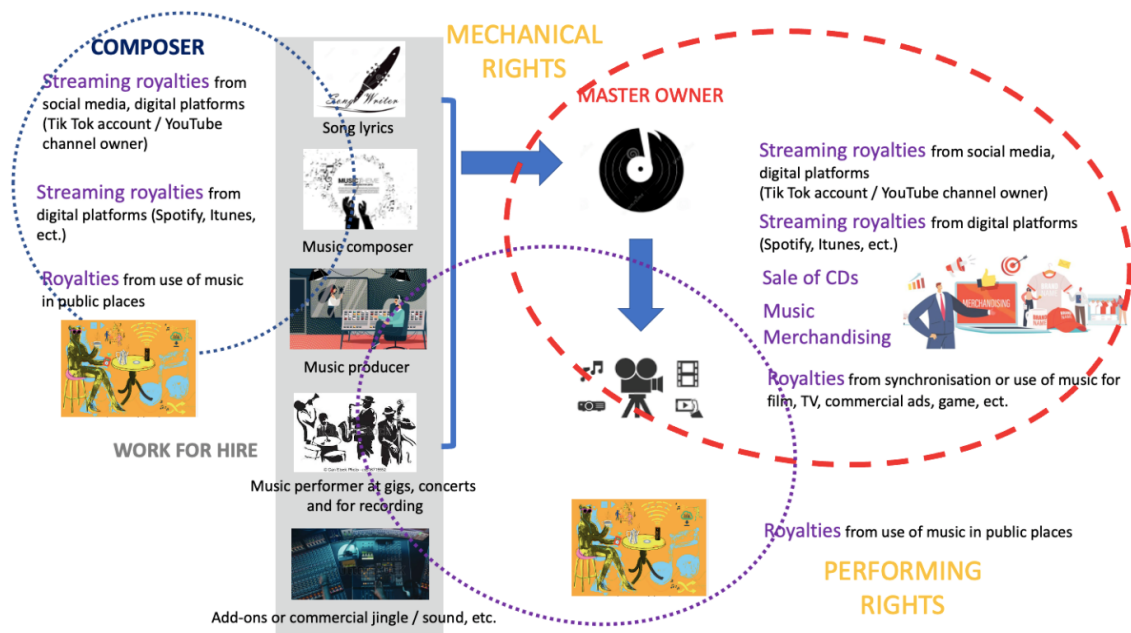
usually split between the artist and the label. When independent artists work together, profits are shared amongst themselves. Indie artists and musicians may include an autonomous, do-it-yourself approach to recording and publishing. Whilst major labels have long occupied a central place in the music sector in Indonesia, digital platforms now see an increasing number of indie musicians and independent labels releasing their music. Most indie music is registered with Believe, an aggregator offering artists a range of distribution and marketing services. However, the number of artists and their streaming performances remains unknown, as Believe has not released the data. Major label artists, however, are usually registered with the labels' aggregators, such as Ingrooves for UMI, Orchard for Sony, and Ada for Warner.

The study will focus on indie musicians and record labels, the first to take advantage of digital technology, yet whose importance is underestimated.

The biggest chunk of indie musicians' income comes from playing at gigs and concerts. The ability to build a large fan base and network is key to musicians' success. Through social media, regular concerts, and special events, indie musicians maintain constant communication with their fans and promote their merchandise, such as tee-shirts, caps, tote bags, CDs, etc. Fans show great support to the musicians they love and play a major role their livelihood.

Figure 3.5 provides an overview of the multiple income streams available to musicians.

Figure 3.5. Main Revenue Streams for Indie Musicians in Indonesia



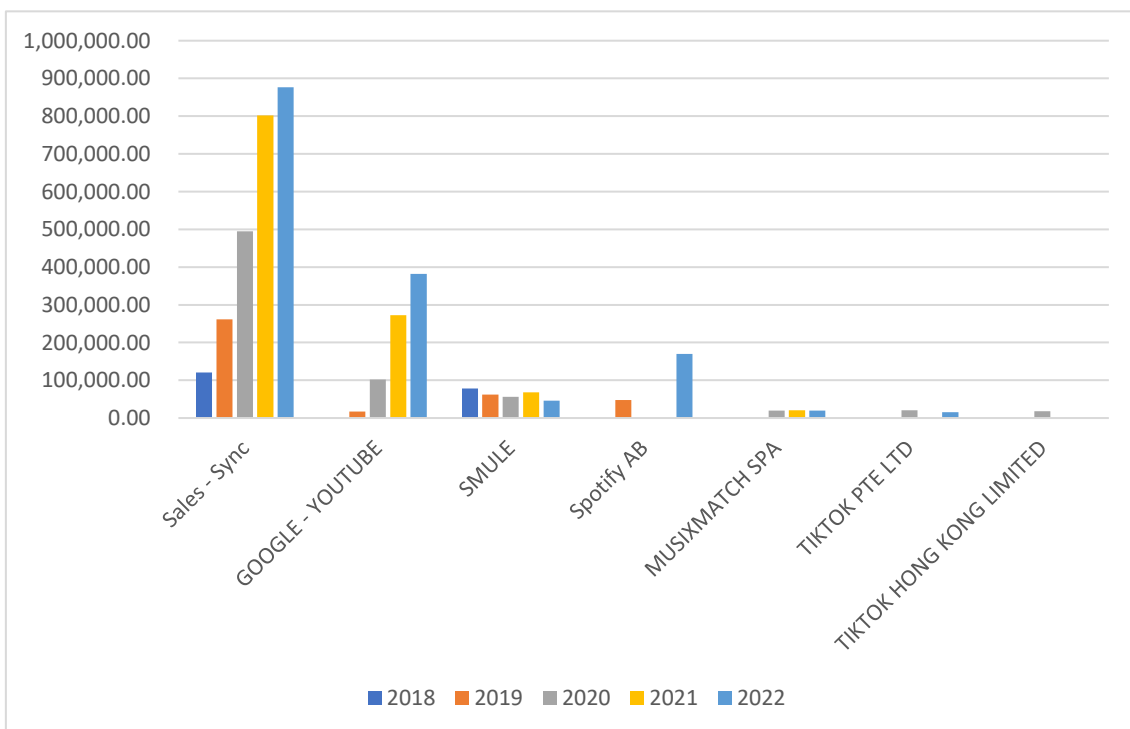
Source: Author, based on information collected during the interviews.

Musicians earn money if they are hired or commissioned to write songs, compose music, produce music, perform at gigs and concerts, record songs, and/or make add-ons or commercial jingles. However, the most important income source for composers, songwriters, and master owners is royalties. The active and passive use of a musician's work generates royalties with

each performance, play, or streaming. Social media and digital platforms, synchronisation licenses, and performing rights (use of artists' music for film, TV, commercial ads, etc. and in public places such as restaurants, cafes, pubs, bars, music concerts, airplanes, buses, trains, exhibitions, commercial conferences, malls, karaoke, etc.) provide songwriters and composers with royalty earnings. Master owners earn streaming royalties from social media and digital platforms as well as from synchronisation and performing rights. The general income comes from various streams but, for composers, royalties are the only source of income directly connected to their craft. For some, commercial and financial success means living on the sales and royalties and not having to rely on external activities such as performing or teaching.

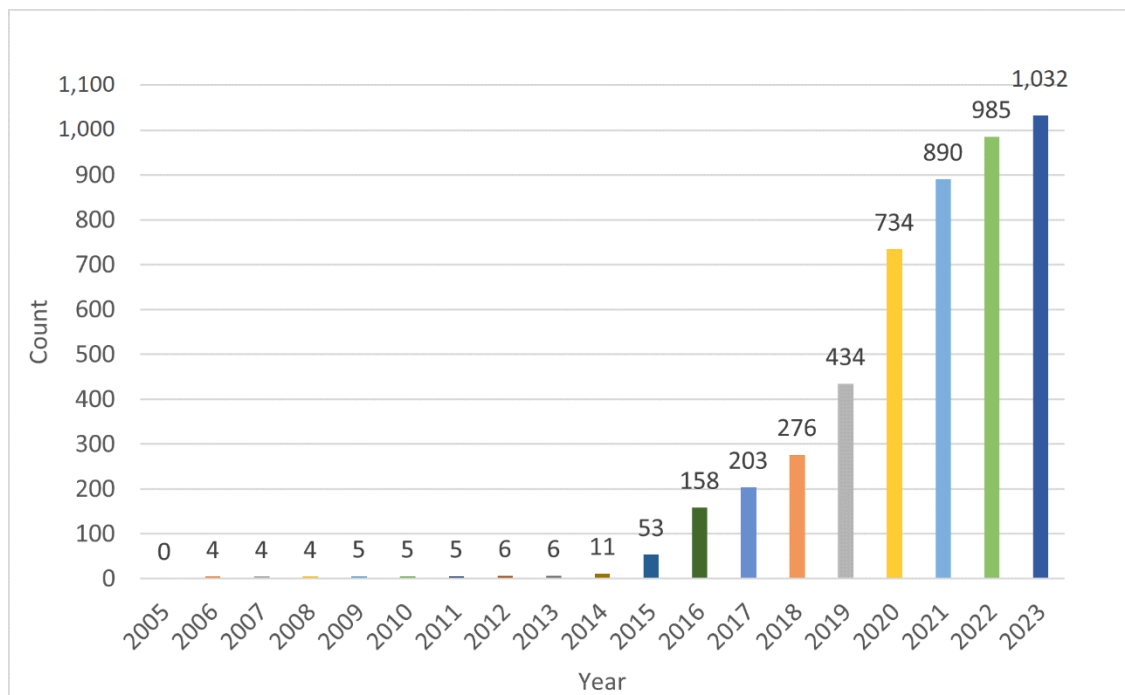
Massive Music Entertainment holds 58% of the music publisher market share. The rise of revenue for digital streaming (from more than US\$126,000 in 2017 to US\$633,000 in 2022) and synchronisation (from US\$100,000 in 2018 to nearly US\$900,000 in 2022) gives an idea of the importance of royalties for composers (Figure 3.6). The rise follows the number of composers who registered their music with Massive Music Entertainment (Figure 3.7), from 4 in 2005 to 1,032 in March 2023.

Figure 3.6. Evolution of Revenue from Synchronisation and Digital Service Providers from 2018 to 2022 at Massive Music Entertainment



Source: Massive Music Entertainment, Jakarta, Indonesia.

Figure 3.7. Number of Composers Registered with Massive Music Entertainment



Source: Massive Music Entertainment, Jakarta, Indonesia.

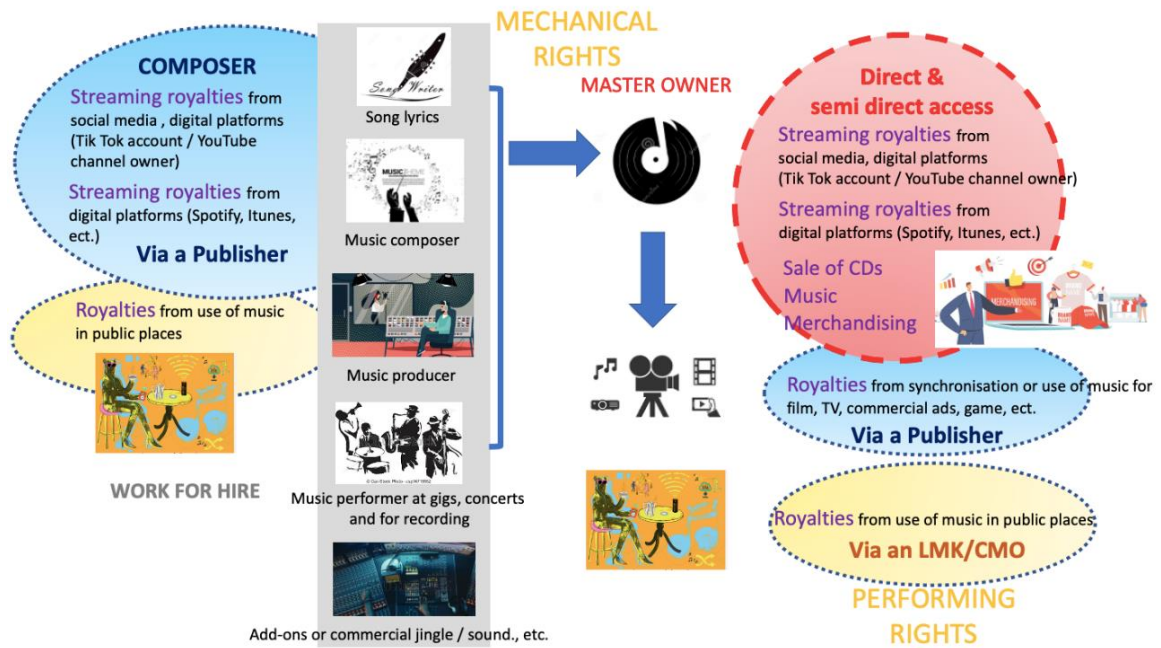
Accessing the various royalties requires the artists to understand the business, work with a publisher, and join one or several CMOs, depending on the role of the artist in the music industry: composer, performer, master owner, or all three.

Figure 3.8 provides an overview of the industry's complexity. All composers' royalties from social media and digital platform streaming, performing rights, and synchronisation rights can be accessed via a publisher who takes a commission. Master owners can access streaming royalties from social media and digital platforms via a sub-aggregator, which takes a percentage on the sale. Some artists with a deeper understanding of the process may opt to access their streaming royalties directly by subscribing to an aggregator such as TuneCore, allowing them to keep 100% of their royalties. Master owners can directly access streaming royalties from social media platforms (YouTube, Tik Tok). All royalties from the use of music in public places or performing rights are accessed via an LMK or a CMO, which takes a 20% operation cost commission.

The significant change brought about by the digital economy, coupled with the failure of some publishers and sub-aggregators to be transparent and professional, has exacerbated already existing challenges faced by artists. Record labels are grappling with unclear payment of performing rights royalties by CMOs, further contributing to much confusion and lack of confidence amongst artists.

CMOs have three categories: composers, performers, and record producers. In 2022, the four composer CMOs had 6,745 members, the five performer CMOs had 1,253, and two record producer CMOs had 167 (Figure 3.9). Membership is slowly increasing. The information collected suggests that many indie artists still mistrust CMOs and are reluctant to join them, therefore depriving themselves of their share of royalties.

Figure 3.8. Access to Income Streams



CMO = collective management organisation, LMK = lembaga manajemen kolektif (CMO).

Source: Author, based on information collected during interviews.

Figure 3.9. Collective Management Organisation Membership Distribution According to Composer CMO, Performer CMO, and Record Producer CMO in 2016 and 2022



Source: LMK (National Collective Management Society).

The livelihood of musicians depends on how active they are. Whilst no data are available music The musicians are highly organised and can access different royalties, except, in many cases, those related to performing rights, for reasons explained earlier. They organise concerts, record and produce their music, and publish. They are called 'artists with a 360 strategy'. The Endak Soekamti band and Iksan Skuter, a solo artist, are two well-known indie examples. (All three videos will be provided on ERIA's YouTube channel.) Another example is Float Band, which has developed a unique concept that enables its members to sell tickets for self-organised events without relying on sponsors. Each of the artists has carved out their own niche and fan base.

The advent of the digital economy has made it possible for indie artists to earn from the sale of their music on social media and digital platforms. However, the activity requires knowledge about royalties, algorithms, social media marketing, and an entrepreneurial mindset. Indie composers tend to work with people they know well and trust, but those people are not necessarily familiar with the nuances of the royalty system. Musicians must fully understand copyright issues and digital economy to ensure they receive fair payment.

The interviews for the study show that most indie artists are still confused about composer royalties and the role of publishers. Many are not aware of the importance of intellectual property rights and how such rights can help musicians derive economic value from their works. They often refer to the aggregator without knowing that an aggregator and a publisher have different functions. Older artists, especially, lack information and understanding about the various marketing options on digital platforms, the different types of royalties, how to access them, or from whom they should claim what is due them. In 2022, Koalisi Seni (Koalisi Seni, 2022) conducted research that showed a lack of information and knowledge about royalties amongst musicians and performing artists. Its data showed that 59.6% of respondents did not know who was responsible for collecting their royalties, whilst 77.9% admitted they had not joined a CMO.

Indie artists are developing a taste for freedom as they earn money from different streams and support themselves solely through their art. Although most may not have a clear idea about their career path, the determination and success of some of the most prominent artists, such as Arian 13, lead vocalist of Seringai Band and owner of Lawless Burger restaurants, are beginning to project a new image, without the stigma attached to creative careers. The most successful and entrepreneurial ones become inspiring role models for other musicians and artists, introducing a new perspective.

Equally spirited, game developers are willing to take risks and invest time and money to live their dream. But merely being skilled in music or game development does not turn musicians and game developers into businesspeople overnight. Growth and sustainability require that they prove that their art can make money and capture the interest of decision-makers and financial institutions. Only then will the video game and music sectors be vibrant and thrive.