

# Gaming focused venture funding with a human approach, a profile of The Games Fund

With #QVCS, Maddy Ness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today, we speak to Maria Kochmola, cofounder and Managing Partner of The Games Fund.

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Can you tell our readers where and how it all began and talk about where you are today?

We all met at MY.GAMES, where Ilya Karpinskiy was assembling a team of investment and game development professionals to build the first corporate venture fund dedicated to gaming investments in Europe. At that time, there were few to no professional gaming investors in the region, and we had to figure out our strategy from scratch. Managing \$100M in capital, we invested in over 35 companies in just over 3 years, with the corporation eventually acquiring 6 of them. Financially, it was a fantastic venture that contributed to the public corporation's KPIs. However, we foresaw the rise of gaming venture capital, realising that early-stage investments in the industry were the future.

While developed regions already enjoyed plentiful access to VC capital, Eastern Europe, despite being incredibly cost-efficient and home to talented game developers, lacked VC funding opportunities.

Our team was the most experienced and well-connected in the region, so the opportunity was crystal clear. Consequently, we left the corporation and launched The Games Fund with \$50M in April 2021. We were fortunate to receive support from leading international gaming companies, investment banks, and gaming founders from all over the world. Now, almost three years later, TGF has become an internationally recognised brand, holding the largest gaming portfolio in Eastern Europe and Cyprus. We are incredibly optimistic about the future and have numerous plans in place for the upcoming years.

## Which industries are you working in?

TGF operates as a highly specialised boutique VC firm, focusing exclusively on investing in video game startups situated in emerging markets such as Eastern and Central Europe, Cyprus, Nordics, and MENAT.

The video game industry is acknowledged as the largest and fastest-growing segment within entertainment, with market figures indicating its substantial size (\$184B). Video games have evolved into an integral part of global culture. Witnessing the transformation of a once-niche hobby into a globally recognised cultural phenomenon is incredibly inspiring.

## What do you look for in a founder?

We look for founders who've got grit and are resilient, able to stay positive and keep going when things get tough. We highly value creativity and daring ideas, but they must be balanced by a data-driven approach. While extensive prior experience in leadership roles within large companies is desirable, it isn't an absolute prerequisite for TGF. We recognize potential in young, inexperienced founders who bring forth innovative breakthrough ideas, preferably validated by a MVP.

Rarely do all these qualities align in a single individual, which is why having 2-3 founders with complementary skill sets and diverse experiences is a big advantage.

## Can you talk about your current

# portfolio?

Our portfolio is focused on gaming content but well diversified across platforms, business models, and genres. We have an approximately equal split between mobile and PC/Console games and also a few infrastructure investments in gaming tech such as Layer.AI.

Our companies are dropping games that players love and get a lot of organic traction (like *Vice Online* from Jarvi Games, and the *Parking Master* series from Spektra Games), and some portfolio companies have secured new financing rounds from top global gaming investors (KEK Entertainment, Made on Earth). This proves that our strategy works, and it's exciting to witness the growth of our portfolio

## What does the future look like?

Layoffs in gaming affected thousands of people in 2023, which was exceedingly difficult to watch. Despite the heartbreak, we do perceive potential opportunities both for successful companies to acquire much-needed talent and for talented individuals who have left corporate jobs to start their own studios. This could lead to a renaissance in indie and AA game development and we see an increasing number of developers and investors exploring games with budgets under \$20M. Modern development tools allow seasoned, talented teams to deliver outstanding games and fantastic experiences without requiring exorbitant budgets.

There's a growing interest in emerging markets as investors seek alternatives to exceedingly expensive developed markets. Simultaneously, developers in emerging regions have enhanced their skills and development pipelines, making them more attractive to global investors.

Despite the challenging market conditions, the best companies can still raise capital on favourable terms. An increasing number of new VC funds are being launched and strategic investors, increasingly companies of Asian origin, are entering the investment game and funding early-stage companies. This offers founders a greater choice of funding routes and shows that capital is available, but getting it currently requires more time and effort than in recent years.

## What makes The Games Fund different?

TGF is a venture fund with a human approach. As entrepreneurs ourselves, we intimately understand the challenges founders face and want to help them unlock their potential. We consider ourselves as active advisors, riding shotgun

with our portfolio companies. Our investment strategies enable us to maintain close contact and provide attention to every company within our portfolio.

Thanks to our deep understanding of the game development process and our prior experience in developing games ourselves, we're able to invest at the very early stages. We are open to the most innovative, experimental, and daring opportunities, which typically fall within the realm of angel investors.

We chose the gaming niche because we comprehend the industry from both developer and player perspectives. Having emerged from the closely-knit Eastern European community ourselves and now being based in the US, we've witnessed firsthand the challenges and pathways that developers from emerging markets navigate to achieve global success.

## What one piece of advice would you give founders?

When choosing an investment partner, consider the full picture. Financial terms of course hold significant importance, but it's better to collaborate with a partner who shares your values and vision for the future. One who assists in decision-making without overshadowing or attempting to control, and who can open doors that were previously closed. It's crucial to have someone who provides honest feedback. Remember, it's never too early to start building relationships with investors and showcasing development dynamics. Investors can identify potential even in early prototypes or concepts.

Maria Kochmola is the cofounder and Managing Partner of *The Games Fund*.

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