

Japanese firms pay \$1.5 bn in 'Clash of Clans' game swoop (Update)

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Finnish computer game maker Supercell has sold control of the company for 1.1-billion-euro (\$1.5 billion) to two Japanese investors, SoftBank and GungHo, the Helsinki-based company announced on its website on October 15, 2013

Two Japanese companies acquired control of Finnish game maker Supercell, creator of "Clash of Clans," the Helsinki-based firm said Tuesday amid hopes of creating a global Nintendo-style brand.

Japan's SoftBank and GungHo spent \$1.5 billion (1.1 billion euro) on 51 percent of Supercell in a transaction which one source said doubled the value of Finland's game industry overnight.

The Finnish and Japanese sides, announcing the acquisition almost simultaneously, said it was aimed at exploiting synergies that can help both expand globally.

"This new partnership will accelerate Supercell towards our goal of being the first truly global games company," the company's chief executive Ilkka Paananen said in a statement.

The objective is for Supercell to have a strong foothold both in the West and the East, including Japan, South Korea and China, he said, suggesting the company could become a new Nintendo.

"We want (people to) look back in 30 years and talk about all the great games that we developed and the impact they had on people's lives. The same way I personally feel about Nintendo, for example," he said.

Tero Kuittinen, an analyst with research firm Alekstra, did not consider the comparison with Nintendo far-fetched.

"Nintendo's crowning achievement was its ability to succeed in Japan, America and Europe with the same titles. That is exceptionally hard," he said.

"Arguably, 'Clash of Clans' is a sign that Supercell is on that road. It is the only Western game to spend months on the Top 10 iPhone chart."



A woman plays the Clash of Clans game of Finnish computer game maker Supercell on a tablet computer on December 14, 2012 in Helsinki

According to CEO Paananen, the Japanese investment provides "a massive selection of strategic resources" which will help Supercell with the distribution of its games to "hundreds of millions of new consumers all over the globe".

While Supercell, a relatively new start-up from 2010 with about 100 employees, aims to expand into new Asian markets, its new investors also see an opportunity to grow globally.

"In our quest to become the no. 1 mobile Internet company, we scour the globe in search of interesting opportunities and right now some of the most exciting companies and innovations are coming out of Finland," said the founder of SoftBank Masayoshi Son in a statement.

SoftBank said it provided 80 percent of the financing for the investment and GungHo the rest.

The deal follows SoftBank's move earlier this year to secure a controlling stake in number three US mobile carrier Sprint.

After "expanding its business operations from Japan to the US", SoftBank now hopes Supercell can help drive content services, it said in the statement.

The Finnish game maker has shot to fame in little more than a year with its online strategy game "Clash of Clans", where players build their own village and attack other villages.

The transaction will turn Supercell into a subsidiary of SoftBank through a company set up by the two Japanese investors, SoftBank said in a statement.

The company will be incorporated in Finland, which Paananen said was "both exciting and important" for him personally.

"Although our aspirations are global, our roots and future are very much in Finland," he said in the statement.

Finnish computer game analysts were taken by surprise by the massive investment.

"We didn't know anything about it before the announcement, but it's very good news for the Finnish games industry," Koopee Hiltunen, head of the industry association Neogames, told AFP.

Hiltunen added that the deal doubled the estimated value of the industry overnight to about two billion euros (\$1.35 billion).

According to Neogames's figures revenue from gaming companies—most of them small start-ups employing altogether about 2,200 people—has tripled in the last year.

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