

Supercell (video game company)

Supercell Oy is a Finnish mobile game development company based in Helsinki. Founded in May 2010, the company's debut game was the browser game *Gunshine.net*, and after its release in 2011, Supercell started developing games for mobile devices. Since then, the company has fully released four mobile games: *Hay Day*, *Clash of Clans*, *Boom Beach*, and *Clash Royale*, which are freemium games and have been very successful for the company, the first two generating revenue of \$2.4 million a day in 2013.^[4]

Accel Partners and Index Ventures invested \$12 million in the Series A of Supercell in 2011,^[5] Atomico led the Series B investment^[6], and in October 2013 it was announced that the Japanese company GungHo Online Entertainment and its parent SoftBank had acquired 51% of the company for a reported \$1.51 billion.^[7] On 1 June 2015, SoftBank acquired an additional 22.7% stake in Supercell, which brought their total stake to 73.2% of the company and made them the sole external shareholder.^[8] In 2016, Supercell reported annual revenues of around €2.11 billion.^[9] In three years, the company's revenues have grown a total of 800 percent, from 78.4 million (2012).^{[9][10][11]}

On 21 June 2016, Tencent acquired 84.3% of Supercell with USD 8.6 billion. Japan's SoftBank values Supercell at \$10.2 billion.^[3]

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Company

Supercell Oy



Type	Subsidiary
Industry	Mobile games
Founded	14 May 2010
Headquarters	Helsinki, Finland
Key people	Ilkka Paananen (CEO) ^[1]
Products	Full list
Revenue	↓ €2.1 billion ^[2] (2016)
Operating income	↑ €917 million ^[2] (2016)
Owner	Tencent ^[3]
Number of employees	213 ^[2] (2016)
Website	Official website (http://supercell.com/en/)

Supercell is part of the Japanese telecommunications company [SoftBank](#), which owned 73.2% of the company. Iikka Paananen owns 6% and Mikko Kodisoja 5.4% of the shares. Originally, SoftBank bought 51% of the company together with the game company [GungHo](#) for 1.1 billion euros in 2013. In the sale, all Supercell's employees sold the same amount of their shares. One condition for the sale was that the main office would stay in Finland. SoftBank and GungHo founded the Kahon 3 Inc in Finland. The company's articles of incorporation state that the company will remain Finnish. Kahon bought Supercell, and later GungHo sold its shares to SoftBank. In May 2015, SoftBank finally bought the rest of the investors out of the company and increased its shares to 73.2%. At that time the technology magazine [VentureBeat](#) estimated the value of Supercell to be 4.9 billion euros. In March 2016, SoftBank owned over 75% of Supercell's shares. On 21 June 2016 [Tencent](#) announced a deal to acquire 84.3% of Supercell with USD 8.6 billion.^[3] Supercell's main office is located in the former facilities of the [Nokia](#) research center in Helsinki's [Ruoholahti](#) district.

The company has offices also in Tokyo, Beijing, San Francisco, and Seoul.

Business model

Supercell focuses on the development of free-to-play games that yield profits through the in-game micropayments. The company's objective is to focus on the successful games that stay popular for years. The focus has not been on revenue, but on the principle "just design something great, something that users love."^[12] Game development focuses around "cells" of five to seven people which start with idea generation and an initial review by CEO Paananen.^[12] The team subsequently develops the idea into a game, which the rest of the company's employees get to play-test, followed by play-testing in Canada's [iTunes App store](#); if the Canada reception is good, the next step is global rollout (via iTunes).^[12] Supercell has discontinued a total of 14 game projects it did not deem promising enough, successful failures which are celebrated by employees.^[12] One of the games that was cancelled well into development was *Battle Buddies*, which had also been rated well in the test market, but the number of players was still too small. The final decision for cancelling a project is done by the development team themselves.

Charity

The employees of Supercell donated 3.4 million euros to the Finnish New Children's Hospital project. It is presumably the largest charity donation done by company employees in the history of Finland. Supercell has also given donations to the American charity organisation [Watsi](#).

The company founders Mikko Kodisoja and Iikka Paananen have founded the ME foundation that supports different kinds of charity projects. In November 2015, the ME foundation donated 2.5 million euros to the Helsinki youth department for the support of young immigrants. Supercell also organised a fundraising that collected old computers and tablets from game companies to donate to poor families with children through the Finnish Tukikummit Foundation, a registered non-profit organisation. Supercell was also the biggest individual investor in the [crowdfunding](#) campaign for the [Finnish Game Museum](#) in 2015.^[13]

History

Background and founding

Before founding Supercell, two of the founders Mikko Kodisoja and Iikka Paananen worked at the mobile game company Sumea. Kodisoja was one of the founders of Sumea in 1999, and Paananen was hired as the company's CEO in 2000. In 2003, Sumea gained 1.2 million euros of profit. In the following year, the American [Digital Chocolate](#) bought Sumea and

made the company its Finnish headquarters and Paananen the European manager. With the new owner, the business activity increased, but at the same time the business culture took a more problematic direction according to Kodisoja, who was the creative director at the time. He left the company in 2010, and soon after Paananen did so as well.^[14]

At first, Paananen worked at the financier company Lifeline Ventures, but soon wanted to become an entrepreneur himself. He planned to found a game company where executives would not disturb the work of the game developers. Together, Paananen, Kodisoja, Petri Styrman, Lassi Leppinen, Visa Forstén, and Niko Derome who had known each other through work connections, founded Supercell in 2010. The company started its business in a cramped office in the Niittykumpu district of Espoo.^[15]

Kodisoja and Paananen invested 250,000 euros from their savings from their time at Sumea in the company. In addition, the Finnish funding agency for technology innovation Tekes gave them a loan of 400,000 euros. Lifeline Ventures also became an investor. In the following October, Supercell raised 750,000 euros through seed funding from for example London Venture Partners and Initial Capital. The first game Supercell started to develop was the massive multiplayer online game *Gunshine* that could be played on Facebook with a browser or on mobile platforms, and the game's prototype was ready in eight months.^[15] After *Gunshine's* completion, Accel Partners also invested 8 million euros in the company in May 2011, and shareholder Kevin Comolli became a member of Supercell's board of directors. Accel has also invested in Rovio, among others.^[16]

Change of strategies

In November 2011, Supercell abandoned *Gunshine* for three reasons: it did not interest players for long enough, it was too difficult to play, and the mobile version did not work as well as the browser version. At best, the game had approximately half a million players. Supercell noticed the company could not catch up to the current leader of Facebook games, the Zynga company, and decided to focus on iPad games. Another Facebook game on development was left unfinished as well. The change of direction did not drive away the investors, but the pressure to succeed became worse, and Paananen had to make more detailed reports of progress for the investors.^[15]

The company simultaneously developed five games, and the first one to be released for test market was *Pets vs Orcs*. This game, as well as another concept, *Tower*, were abandoned. In May 2012, *Hay Day* was published and eventually became Supercell's first internationally released game.^[15] *Hay Day* was Supercell's version of Zynga's successful Facebook game *FarmVille*, an easy-to-play farm simulator. Supercell added to their farming simulator the ability to refine products, a production chain, and touch screen properties. The social aspect of the game was emphasised as well. In four months, the game became one of the most profitable games in Apple's App Store in the US, and was one of the most profitable in the world for two and a half years. The game receives regular updates and is maintained by a team of 14 people.^[17]

Development of *Clash of Clans*

Lasse Louhento had started at Bloodhouse, and Lassi Leppinen was the chief programmer at Sumea and Digital Chocolate. Their team had spent months on a fantasy themed Facebook game when Supercell changed strategies. Leppinen and Louhento wanted to make a strategy game that would use a touch screen so playing would be as simple and pleasant as possible. The development of *Clash of Clans* took six months, and the game was released on August 2nd 2012. In three months, it became the most profitable app in the US. According to App Annie, in the years 2013 and 2014 *Clash of Clans* was the most profitable mobile game in the world. The eponymous battle between the clans was added to the game as late as in 2014.^[18]

In summer 2013, Supercell started marketing collaboration with the Japanese GungHo: the companies cross-marketed each other's games in their own games in their own markets. As a result, *Clash of Clans* became one of the most downloaded apps in Japan. GungHo's chairman of the board Taizo Son flew to Finland to thank Paananen and later introduced him to his brother Masayoshi Son, the CEO of the SoftBank Corporation. Soon, they proposed a corporate acquisition which indeed happened on October 7th 2013. SoftBank and GungHo bought 51% of Supercell's shares for 1.1 billion euros which is the largest price for a Finnish private company in history. In six months, Supercell's value had tripled, since in spring 2013 the company had sold 16.7% of its shares for 100 million euros.^[19]

Both *Clash of Clans* and *Hay Day* were released in the summer 2012,^[12] and Supercell did not release a new game in almost two years. The designing of the third game *Boom Beach* started in the autumn of 2012, and it was released in 2014. The new strategy game was released to the test market at the end of 2013, after which it went through large changes. The game was very successful in the US right after its release in March, but it did not stay at the top of the download charts for very long. However, it rose to the top 30 of the most downloaded iPhone apps after Supercell started an expensive marketing campaign in December 2014. In 2015, the game surpassed *Hay Day* in the charts.^[20]

In March 2016, Supercell released its fourth supported game, *Clash Royale*, which uses similar characters from *Clash of Clans*. Between the releases of *Boom Beach* and *Clash Royale*, Supercell had discontinued nine game projects, two in their test release phase. One of them was *Smash Land* which had been developed by 4 to 5 people for 10 months.^[21]

Games

Title	Year	Status	Description
<i>Gunshine.net</i> (later known as <i>Zombies Online</i>)	2011	Discontinued	Supercell's first game and only non-mobile game. It was a browser game that was released in 2011, ^[22] and its servers were shut down on November 30, 2012. ^[23]
<i>Pets vs Orcs</i>	2012	Discontinued	<i>Pets vs Orcs</i> was the company's first mobile game. It was downloadable for a little over a month in 2012. ^[24]
<i>Battle Buddies</i>	2012	Discontinued	The company's second mobile game, <i>Battle Buddies</i> was soft-launched in a number of countries in 2012, but was discontinued later in the same year. ^[25] The game was pulled out of market due to poor monetization, despite gaining positive reviews from critics. ^[26]
<i>Hay Day</i>	2012	Available	On June 21, 2012, Supercell released <i>Hay Day</i> on iOS and in 2013 on Android .
<i>Clash of Clans</i>	2012	Available	On August 2, 2012, Supercell worldwide released <i>Clash of Clans</i> on iOS and on October 7, 2013 on Android . The online strategy game where players build defenses and train troops to attack other players' bases, is the top grossing app of iOS and Android of all time. <i>Clash of Clans</i> has also received positive reviews from global audience. It has a score of 9/10 by Pocket Gamer and 4.5/5 stars from Gamezebo .
<i>Boom Beach</i>	2014	Available	On March 26, 2014, Supercell released <i>Boom Beach</i> on iOS and Android . ^[27]
<i>Spooky Pop</i>	2014	Discontinued	The Canadian soft-launch of Supercell's addition to its mobile line-up, <i>Spooky Pop</i> , was released in December 2014 and discontinued in 2015. ^[28] On February 9, 2014, the app was removed from the Canadian App Store and those with previously downloaded copies trying to access the game were met with a pop up message of the discontinuance. Shortly after, the game was fully shut down. ^[29] Supercell has since been described as conservative on the release of titles after the successes of <i>Clash of Clans</i> and <i>Boom Beach</i> as opposed to many other mobile-development companies. ^[30]
<i>Smash Land</i>	2015	Discontinued	<i>Smash Land</i> was launched on a limited basis in Canada and Australia on April 1, 2015. ^[31] However, on July 1 of that year, Supercell announced on its official forum that it had decided to cancel development of the game. ^[32] <i>Smash Land</i> remained available for download until September 1, at which point it was permanently removed from online distribution platforms. ^[32]
<i>Clash Royale</i>	2016	Available	On January 4, 2016, Supercell soft-launched <i>Clash Royale</i> on iOS and also on February 16, 2016, Supercell soft-launched the game on Android in Canada, Hong Kong, Australia, Sweden, Norway, Denmark, Iceland, Finland and New Zealand. On March 2, 2016, Supercell launched the game globally for iOS and Android . ^[33]
<i>Brawl Stars</i>	2017	iOS and Android soft launch (Canada, Finland, Sweden, Norway and Denmark)	On June 14, 2017, Supercell announced the game via a video on YouTube. It received an iOS soft launch in the Canadian App Store the following day. It was released in Finland, Sweden and Norway App Stores on January 19, 2018. The Android version was released on 2018 June 26 (Canada, Finland, Sweden, Norway and Denmark). ^[34]

Marketing

During Super Bowl XLIX in February 2015, Supercell spent \$9 million for a 60-second runtime in front of 118.5 million viewers. According to *The Guardian*, the *Clash of Clans* advertisement was one of the most popular advertisements of the 61 spots aired on NBC.^[35] The commercial, dubbed "Revenge", featured Liam Neeson parodying his character from the *Taken* film series by seeking revenge in a coffee shop for a random player destroying his village. The commercial has reached a total of 164 million^[36] views on the game's official YouTube channel so far,^[37] and it was the most watched commercial on YouTube in 2015.^[38] Despite the success of the commercial, Supercell has seen only a marginal increase in downloads following the advertisement.^[39]

Acknowledgements

In 2012, Supercell was awarded as the best Nordic start-up company^[40] and chosen as the Finnish game developer of the year.^[41] The following year, Supercell won the Finnish Teknologiakasvattaja 2013 (Technology Educator 2013) contest,^[42] and the company was chosen as the software entrepreneur of the year. In 2014, the research and consultancy agency T-Media chose Supercell as Finland's most reputable company in their Luottamus&Maine (Trust&Reputation) report.^[43]

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External links

- [Official website \(http://supercell.com/en/\)](http://supercell.com/en/)
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