At Sarbakan, all of our games benefit from ten years of experience in casual game development and from an in-house multi-disciplinary team of over 100 experts. From web-based to consoles, from single-player to multiplayer, from 2D to 3D, we believe in creating unique game experiences with mass market appeal and in providing nothing less than total satisfaction to our customers. We embrace new opportunities and wish to share with you our passion for growth.

Shockwave, publisher of the hit Carrie the Caregiver series, is actively seeking submissions from developers looking for a publishing partner. We have can help your game find a broad audience and revenue. Funding is available!

**PC Casual Games**
Show us your download games, online games, creativity applications, widgets, gadgets, and community entertainment! We are expanding our catalog with fabulous titles that feature strong gameplay, great production values, and potential to cross over to delivery platforms beyond the PC. Prototypes, design documents, treatments, and completed games considered.

**Web Games**
Shockwave is a major consumer destination for high-quality web games. We are on the lookout for new ideas and can offer a variety of deals, from work-for-hire to revenue-sharing publishing.

**Flash-Lite Mobile**
With our Shockwave Minis game service on Verizon, we were the first to the North American market with a mobile games service for Flash Lite. We are looking for more of the world’s best Flash Lite content for distribution.

Submit your inquiries today to games@shockwave.com!

**Addicting Games**
Addicting Games sponsors games. Sponsored AddictingGames earn you money!

Updated daily, AddictingGames serves up the freshest, most popular online games on the Web. Fun and user-friendly, AddictingGames provides teens and college students with the best games to play and share with friends. AG will put your game, name and link in front of an audience of millions!

AddictingGames sponsors great Flash games! Every day we watch for the hottest new Flash games and offer sponsorships for the best. We promote the game on AddictingGames and allow folks to play it and promote it from their own websites. You still get credit for making the game, plus the opportunity to make some money and get recognition.

Fill out the “Submit Your Game” form at http://upload.addictinggames.com/ today!

© 1999-2008 Atom Entertainment, Inc. All rights reserved.
We’re the World’s Fastest Growing Game Network.

Have you partnered with WildTangent yet?

developers@wildtangent.com
About the Cover

Schizoid is a downloadable action game from Torpex Games, a developer in Bellevue, Washington. They call Schizoid “the most co-op game ever.” Schizoid is the first game to be released on Xbox Live Arcade that was developed with Microsoft’s XNA Game Studio technology. (For more about Schizoid, see Bill Dugan’s article on page 23.)

Schizoid has an opposing-color theme in which the blue player can beat blue creatures but is vulnerable to red creatures, and the red player can beat red creatures but is vulnerable to blue creatures. The result is a new kind of co-op play in which both players work closely as a team to defend each other as they advance through 120 game levels. Accompanying this simple gameplay is the purity of simple controls: The player uses only one thumbstick (and no buttons) to move around. The depth of the game is not in the player mastering intricate controls, but in the player’s response to different numbers and combinations of creature types and level layouts.

Jamie Fristrom, Torpex’s technical director, used the code name “Gemini” for the game as it was early in development, and his programmer-art reflected this, with different zodiac symbols portraying the different characters in the game. Artist James Chao was inspired by the idea of the zodiac symbols as constellations; he took Jamie’s placeholder art using the Scorpio symbol and created in its place a large, glowing, animated, symbolic-yet-organic-looking scorpion outline (depicted on the cover). He proceeded to use the glowing-lines theme to create Schizoid’s other outlined, abstract game characters, like the Starburster and the Astramoeba.

Torpex Games may be reached at s-torpex@casualconnect.org.

© 2008 Casual Games Association. All rights reserved. Reproduction in whole or part of this magazine is strictly prohibited. Casual Games Association and Casual Connect, and the Casual Games Association logo and the Casual Connect logo are trademarks or registered trademarks of Casual Games Association. All other product and company names mentioned herein may be trademarks of their respective owners.

Casual Connect Magazine is published three times yearly by the Casual Games Association, P.O. Box 302, Layton, UT 84041, http://mag.casualconnect.org/
Here we are in Amsterdam for our third year. Who would have ever imagined that in three short years we would have already grown so large—it seems everyone is talking about casual games. For those of us who were here in Year One, the growth of our association is nothing short of amazing. We have truly become an international industry: our development occurs all over the map, with hotbeds in Eastern and Western Europe, in Russia, and in South and North America. That internationalization of the industry did not happen merely by chance. On the contrary, as an industry we have focused since the very beginning on creating this global industry we now enjoy.

Which perhaps begs the question: Why is internationalization important for the success and health of our industry? I can think of several good reasons:

1. Since electrons are easy to move around, it is really easy for us to reach customers all across the globe. With this great opportunity comes a small complication which must be addressed flawlessly: understanding of the local market. I would guess that three years ago most of us (including myself) didn’t truly understand the importance of taking into account the differences in the local market. Localization is more than just getting the right translations—it is about creating a game that appeals to a culture through language, art, and themes.

2. Different cultures and regions have come to excel in different ways. This is one phenomenon that never fails to amaze us—the differences in focus that seem to appear almost spontaneously when we meet with industry members throughout the world. That multiplicity of talents is a sign of great promise for our industry, especially as we learn to better take advantage of our individual strengths.

3. New ideas flow from the meeting of minds with different backgrounds. Think of the various business models and design elements we have come to take for granted and the wide range of continents from which they sprang: micro-transactions (Asia & Russia), trial-to-purchase (North America), mobile (Asia & Europe), Wii (Asia), DS (Asia), Xbox (North America), Solitaire (Europe), Mahjong (Asia). None of our business models would be complete without influence from other cultures.

4. Interaction helps to broaden our perspective—which in turn leads to greater stability. The marked differences in the market dynamics in different regions of the world enable us all to watch, learn, and modify without the risk that might otherwise be associated with trying something new. For example, sitting comfortably in North America one may have never conceived of the micro-payment business model. Seeing it flourish elsewhere, North American developers and publishers can’t help but wonder how they might adapt that approach to their market as well.

5. Working together, across borders and oceans and many, many time zones, makes us better global citizens. Face-to-face contact and collaboration go a long way toward dispelling prejudice and ethnocentricity.

While we have made much progress, we still have quite a way to go. But as we learn to accept other cultures and work as one big team, the barriers will continue to fall. I’m convinced, in fact, that our industry is uniquely positioned to succeed precisely because our cultural differences tend to enrich rather than divide us.

Ultimately we speak the common language of play. Fun knows no borders.
After three years in Amsterdam, Casual Connect Europe will be holding a conference in Hamburg, Germany. The move comes with many mixed feelings for us as we will always associate Amsterdam with the beginnings of the Casual Games Association.

We love Amsterdam. The locals have always made us feel welcome, and the sites for our conferences have consistently been top-notch. This year, however, we will hold our conference in the largest venue in the center of Amsterdam—and we will still be filled to overflowing. Even so, since we held the first Casual Connect conference (then known as Casuality) in 2006 we have come to realize that, as long as the city is accessible and the locals are friendly, the people who attend our conferences are what really matter.

Hamburg is Germany’s foremost media and IT industry location with a workforce of more than 110,000. For over ten years now, companies from throughout the media, IT, and telecommunications industry have received special support from the city-state of Hamburg through the special public-private partnership Hamburg@work, which is supported by the Ministry for Economic and Labor Affairs.

Through their gamecity:Hamburg initiative, Hamburg@work has provided considerable support to the 150 local gaming industry companies and has even provided logistical support and office space for the Casual Games Association staff while in Europe.

In addition to their support of the CGA, gamecity:Hamburg will also offer services to Casual Games Association members in order to make cooperation with Europe through Hamburg as seamless as possible. Services available:

1. gamecity:Port—Sixteen affordable offices in the St. Pauli district available for lease.
2. gamecity:Funding—Up to €100,000 in seed money is available as an interest-free loan for Hamburg-based entrepreneurs to assist them in producing commercially viable prototypes which can be used to secure funding from publishers.

As if that weren’t enough, there is this unexpected bonus: Generally speaking, flights from the U.S. to Hamburg tend to run several hundred dollars less than flights from the U.S. to Amsterdam.

You’re going to love Hamburg. We already do.

For more information about Hamburg@work and gamecity:Hamburg, please contact: Stefan Klein (telephone: +49 40 22 70 19–41; email: Stefan.Klein@hwf-hamburg.de).

<table>
<thead>
<tr>
<th>Location</th>
<th>Population</th>
<th>Founded</th>
<th>Conference Attendance 2007</th>
<th>Average Temp at time of Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle Summer</td>
<td>0.5 million</td>
<td>The first permanent European Settlement was in 1851. The city was named Seattle after a chief of a neighboring indigenous tribe.</td>
<td>1530</td>
<td>75° F, 24° C</td>
</tr>
<tr>
<td>Hamburg Winter</td>
<td>1.7 million</td>
<td>The city takes its name from the first permanent building on the site, a castle built in 808 AD to provide defense against Slavic incursion.</td>
<td>882 (Amsterdam)</td>
<td>38° F, 3° C</td>
</tr>
<tr>
<td>Kyiv Fall</td>
<td>2.7 million</td>
<td>The city is believed to have been founded in the 5th century as a trading post in the land of Early East Slavs.</td>
<td>520</td>
<td>54° F, 12° C</td>
</tr>
</tbody>
</table>

* The CGA does not guarantee the services of Hamburg@work.
Casual games have a distinguished history in Russia, beginning with the 1984 release of Tetris, the #1 selling casual game of all time. Since then, many of the most popular casual games—including Magic Ball, Mystery Case Files, and Cake Mania—have passed through the hands of Russian developers on their way to market. Recent acquisitions by Oberon Media, Arkadium, and MumboJumbo merely confirm what many of us already know: Eastern Europe and Russia are producing many talented casual game developers.

To give everyone a bit of insight into how the local community has received the casual games industry, we are reprinting here a translation of an article that recently appeared in DTF, the largest online publication in Russia. —ed.

**THE GAME INDUSTRY WEEKLY:**
October 15-21, 2007

*We love holding conferences in Kyiv. Not only is the food in Kyiv excellent, but the attendees are full of fun and enthusiasm. It’s always exhilarating to get together there. Although it was attended primarily by people from Russia and the Ukraine, we also had over 75 people from North America in attendance at our last conference in Kyiv.*

Casual games made in the countries of the former USSR and the bordering Eastern European countries are becoming more and more remarkable.

**Meanwhile, in Kyiv . . .**

*What They’re Saying about Casual Games in Russia*

**Alex Ptitca**

**Casual games made in the countries of the former USSR and the bordering Eastern European countries are becoming more and more remarkable.**

For more information email: business@bigfishgames.com
ошибания разработчиков с потенциальными издателями и дистрибьюторами квазировка.

Интересно, что среди людей, которых можно было встретить на конференции, были замечены персоны, издающие и не имеющие прямого отношения к игровой индустрии, но их присутствие о чем-то говорит - представители “Приват-банка”, “Яндекс.Деньги”, РБК. Ду и люди, работающие в бизнес-тематике "больших" игр по тематике могут присутствовать в изумлении — к КранКе и "гайдзинах" я не говорю, поэтому как они у нас в этом смысле — "многоочисленны", а вот Игорь Карец (Action Forms) или Дмитрий Ропотов (CTXM) и менеджер по поддержке дистрибьютеров с Sony Computer Entertainment Europe — это уже что-то.

Нельзя не упомянуть и о всегда заметной фигуре Ричарда "Леденца" Грей, который встал вместе со своими коллегами из Ritual туда же на благо казуала в компании Mumbo Jumbo. Кстати, в то что вышедшей Lizio 3 есть доля и его труда. Когда я спросил Леденца, он мне вспомнил о новой компании, отец которой был одним из основателей - «дедаивания, дружелюбно и аниматорская» программы. Кстати, вот еще один показательный факт, связанный с Mumbo Jumbo. Вице-президент компании по развитию бизнеса Майк Саерс (Mike Suarez) прежде занимал аналогичную должность в компании Mumbo Jumbo. По своему мнению, Ричард помогает успешно повышать продажи продуктов от Mumbo Jumbo.

Безусловно, важной вездесущей и привычной для представителей СМИ стал Джейсон Капилла (PopCap). Если кто-то забыл, напомню: несколько титулов, в которых он имеет самое прямое отношение — Bejeweled, BubbleWorm, Zuma, Chuzzle, Peggle. Вопросы есть — Судя по всему, у Джейсона не было ни минуты свободного времени. Несколько раз он появлялся на людях — со слов доклада "Джей холд» на тему "Инновации в игровых индустриях", в дуэте с Anатолием Ропотовым (CTXM) с рассказом об особенностях Xbox Live Arcade, в качестве ведущего на конференции по поддержке разработчиков с потенциальными издателями и дистрибьюторами квазировка.

Искренне Ваш,
На этом разрешите попрощаться с вами до новых встреч.

Игорь Карец, генеральный директор PopCap Games.

It is interesting to note that among the people one could meet at the conference were those who are not only directly related to casual games, but at the same time their presence surely means something, including representatives of PrivatBank, YandexMoney, and PEK. (PrivatBank is the 42nd ranked Ukrainian bank and part of a huge industrial/financial holding company, PEK (RealBusinessConsulting) is a huge Russian information agency.)

By the way, people who are working in the industry of enthusiast core games also visited the event—and I do not mean just Krank and Gajinos because in this regard they are like workmen operating several machines simultaneously with many operations across the gaming industry—but Igor Karev (Action Forms) and George Bain (Developers Support Manager from Sony Computer Entertainment Europe) are worth to be mentioned here.

One must also always mention the always noticeable figure of Richard "Lefevre" Gray, who is now working on casual games with his colleagues from Ritual on behalf of Mumbo Jumbo. By the way, he contributed to the just-released Lizio 3. Lefevre’s answer to the question about his duties in the company was quite expected: "I create the levels, draw art, and do some programming." Speaking of MumboJumbo: Some time ago the company’s VP of Business Development, Michael Suarez, held the same position at Rockstar Games. According to him, the Ritual team will significantly improve the production value of MumboJumbo’s products.

Undoubtedly, Jason Kapilka (PopCap Games) was the brightest star and lure for members of the media. For those who may have forgotten, I will remind you of some of the titles with which he has been directly involved: Bejeweled, BubbleWorm, Zuma, Chuzzle, Peggle. Any questions?

It appeared as if Jason did not have a single minute to spare. He made several public appearances: presenting the report "Fat Chance: Randomness and luck in casual games" along with Anatoly Ropotov (CTXM); presenting the story about the peculiarities of Xbox Live Arcade; playing the role of Lead Judge for the Innomate 2007 competition, organized by IT-Territory; and finally appearing among the people and answering journalists’ questions during a press conference.

It is clear that in the first place Jason is a creative person (and it is not a coincidence that his position is called Creative Director of PopCap Games), but Kiev conference attracted a lot of people mainly engaged in the business field—and there is a great plus in this. I think if the last year’s first event hadn’t taken place, then today we would not have become witnesses of such a powerful invasion of the international casual games industry “pillars” to the countries of the former USSR.

First of all, let’s mention the noticeable announcement about Oberon Media acquiring two studios—Kenjitsu, St. Petersburg’s subdivision of Nikolaya Games, and Ukrainian Friends Games from Rivne region. Top-managers of the mentioned companies joined Oberon’s management. Olya Nikitova holds the position of VP Online Publishing in Eastern Europe, and the new Oberon business card of Taras Taran (CEO Friends Games) says "Director, Developer Relations Europe.”

And still there is more to tell. May I remind you that MumboJumbo recently acquired Vladivostok’s team Hot Lava, and Sandlot has a subdivision in St. Petersburg. An office of Winn will be opened in Kyiv soon, and an office of Arkadium is already operating in Sundrop.

There are reasons to think that the consolidation process will become more active in the near future, and that the Kyiv conference will contribute to this significantly.

Bringing this brief story of Casual Connect Kiev 2007 to an end, I cannot help but mention the organizers this pleasant and useful event: The Casual Games Association, headed by Jessica Tams; the Dnipropetrovsk-based company Absolute; and advisors of the CGA such as Alawar Entertainment, CTXM, and Friends Games (the last of which should be probably called Oberon Ukraine by now.

[removed part of the article]

At this point, let me say goodbye to you all until our next meeting.

Sincerely yours,
GaMMeR (Alex Ptitca)
The Rules of Casual Game Development

Five Simple Guidelines That (Almost) Guarantee Success

Although the gaming industry may have started with casual games, the core of the industry (and many of its most intellectual developers) walked away from casual games many years ago, enticed by the style and multi-million dollar budgets of games built for true gaming enthusiasts. And yet in spite of all they have going for them—experienced developers, huge budgets, high production values, sophisticated game mechanics, excellent sound quality, exceptional graphics—core games are not always good games. Perhaps you’re noticed. I certainly have. I spent several years creating games for enthusiasts, including games in the Heretic, Soldier of Fortune, Star Trek series, along with some of the Golden Age Midway Arcade Games. I also worked on The Sims which appeals to demographics very similar to casual games. As a result of that odyssey, and my recent observations of the casual games space, I have developed a few rules for casual games that I think are worth following. They aren’t exhaustible (and they definitely don’t guarantee success), but following them will put you in a better position to succeed.

1. The Fewer Clicks the Better

It’s always a good idea to get people into the game-play as soon as possible. That means you should get things started quickly, with a minimum number of clicks. For Quake III, id Software wanted players to be just three clicks away from playing the game. Even if you have many screens of text for players to wade through before getting into the game, enable them to click past those screens instantly. The same principle applies to cinematics. They may satisfy the inner movie maker in you, but they are unnecessary—especially to the casual gamer. Make it easy for people to skip right over them. Likewise you should minimize interruptions from pop-ups. Any unnecessary interruption of play is an annoyance.

Remind yourself that people want to play, not watch. That’s why they’re called players.

2. Introduce Complexity Slowly

It’s OK for your game mechanic to be complex. It can have lots of effectors (power-ups or stuff that changes how you play), but do not include any of them on the first few levels. When people are just becoming familiar with your game, you want to pare down game-play to the barest essentials—leaving out anything that isn’t absolutely necessary. You should think of it this way: In the early stages, you are literally training people to play your game. Introduce abilities or mechanic effectors slowly, one by one, and get people used to them before you add more.

3. Make People Instantly Successful

If there is any secret to making casual games successful, it is to let your actual target audience try the game and tell you what they think. And when they tell you, LISTEN. Never dismiss them by saying: “Well, they just don’t know how to play it” or “They just don’t get it.” The fact is that if you don’t do something about their complaints, your game is almost surely destined for failure. User testing should be front and center in your design process. Listen to your users as if they were Angels from God.

4. Test It Before You Release It

Prior to sending your game off (even to the publisher), put it in the hands of unschooled strangers and see how it performs. Think of it as a “Kleenex” test. Use people once and never again. The idea is to let your actual target audience try the game and tell you what they think. And when they tell you, LISTEN: “Well, they just don’t know how to play it” or “They just don’t get it.” The fact is that if you don’t do something about their complaints, your game is almost surely destined for failure. User testing should be front and center in your design process. Listen to your users as if they were Angels from God.

5. Keep It Simple

Ideally, someone should be able to watch a friend playing your game and pretty much understand how to play it. New players shouldn’t have to practice or rely on multiple popups or explanation screens in order to figure it out. If you don’t have a root mechanic that can be communicated via a YouTube video, then there’s something wrong.

In fact, it’s a good idea to record and watch a video of your game to see if it is obvious what is going on. You might try showing that video to a couple of your Kleenex testers and see if they catch on quickly. If first-time players cannot determine game-play mechanics immediately, or if something basic isn’t clear and obvious, they will simply stop playing. Which, by the way, isn’t good.

Designer Jake Simpson

Jake Simpson is an opinionated software developer and game designer who has been around the block more than once—and is still running. Jake can be reached at jake.simpson@casualconnect.org.
Is GameDuell different than other gaming sites?

Kai Bolik: On GameDuell you always play against real people and you can win real money. This makes it more thrilling. We already agreed on this vision in the founding days: We wanted to build the best games community on the Internet. Millions of members should use our platform every day and have more fun and excitement than on any other gaming site.

Which factors were most important to become market leader in Germany?

Michael Kalkowski: The single most important point is to know and always listen to your users. We are a product-centered company by heart. Better user experience and higher quality games are our key advantage. In game development we spend about 30% on user research and effort to optimize all business metrics. To get profitable it helped a lot to have a complimentary team of serial entrepreneurs on board. Many founders fail because they do not manage processes like payment and conversion right. In our model those are essential. It’s like tuning a radio frequency. You have to set it 100% right to get the full power. We are constantly testing and improving our systems. It really boils down to this: To be number one in the market, you must practice and work like you are number two.

GameDuell in Numbers

- Founded: 2003
- Userbase: More than 7 million registered members
- Employees and full-time contractors: 75
- Casual games developed internally: >30+
- Funding: Buda Digital Ventures and Holtzbrinck Ventures
- Marketing: >200 partner sites
- Revenues: Transaction, subscription, sponsoring
- Website: www.gameduell.com
- International: Available in 7 languages
- Contact: partner@gameduell.com

What trends do you see for 2008?

Boris Wasmuth: One thing I learned was “don’t give up too early.” It takes at least 3 years and loads of money and

What is your strategy for this year?

Boris Wasmuth: 2008 is all about expanding internationally. We have a fine-tuned business model and marketing processes. Now we are localizing our product for several countries. We are looking for partners, portals, and affiliates who want to make money with us. Please contact us if you want to learn more about partnering.

Casual Connect Magazine

How to Become and Stay Market Leader

Five years ago Boris Wasmuth, Kai Bolik, and Michael Kalkowski founded GameDuell in Berlin. Today GameDuell is Germany’s largest games community. Users can play a wide range of skillgames against each other and win real money. We interviewed the three founders about the ups and downs of getting to the top and what trends they see for the casual games market in 2008.

Localization

A Key Element in Successful Casual Games

Localization is often an afterthought in game development, a small issue that needs to be addressed after the game has launched—like creating a special version for a minor port or fixing a Win ME bug. Overlooking localization, however, is one of the biggest mistakes casual game developers continue to make. We have found that strong localization easily can more than double revenue and, more importantly, can mean the difference between creating a hit or just another top-100 game.

With product in over 30 countries and games translated into 17 languages, we have seen almost everything there is to see in localization and translation of games, and it is not pretty. Literally hundreds of developers and publishers are leaving thousands of yen, euros, dollars, and lira on the table by not spending a little bit more time on localization from the project inception.

Why Build for Localization?

We can sum up the argument in favor of localization with one word: revenue. By focusing on localization at an early stage, our company now generates more than 60 percent of its revenue outside of North America. But localization is not merely for those hoping to distribute their games outside of the United States; more than 50 percent of casual games have some development done in Western and Eastern Europe (including the former Soviet Union). Although these games are usually in English (of varying levels of quality), they are usually not fully “Americanized”—that is, adapted to the U.S. market.

When the poor quality of the language intercepts the fantasy of a game, the player is less likely to continue playing—and much less likely to buy. That phenomenon is true regardless of the language—which is why it is imperative that the localization makes players feel like they are playing a locally created game, even if it was developed thousands of miles away.

How to Build for Localization

It is essential to incorporate localization into product development from the very beginning in order to minimize the long-range costs and speed up the overall process. It is much more cost-effective and efficient to localize a game when easy localization is built into the programming as opposed to when an existing title must be reengineered. In our experience, localizing a game as an afterthought often means more than triple the cost of localization and delays the releases in other languages by months.

When planning for localization, the goal should be a near simultaneous launch of an English version along with versions in other FIGS languages (French, Italian, German, and Spanish, at a minimum). In our experience, sales may increase 40–50 percent if all localized and U.S. versions are released simultaneously.

There are many key issues to consider when designing for easy localization. To guide those responsible for localization, we have identified the following as crucial to success.

When you are a producer or project lead tasked with overseeing a localization project, this list will help you make sure that your team avoids any potentially costly mistakes.

Key Localization Issues:

- Avoid hard-coding or embedding localizable elements.
- Keep all of the assets used to create the product (including box art, logos, screenshots, and sales sheets) in one place where they are readily accessible. These assets will be crucial in producing localized versions of the product.
- Record and keep separate files for voice, sound effects and background music.
- For all screens that have bit-mapped text, save two versions—one with the text and one without it. These versions will be critical in producing localized versions of the product.
- For all screens that have bit-mapped text, save two versions—one with the text and one without it.
- Support multiple-byte languages (e.g., Japanese, Mandarin) and avoid engines that do not support these fonts.

• For all screens that have bit-mapped text, save two versions—one with the text and one without it.
- For all screens that have bit-mapped text, save two versions—one with the text and one without it.
- Support multiple-byte languages (e.g., Japanese, Mandarin) and avoid engines that do not support these fonts.

We have found that strong localization easily can more than double revenue.

Lloyd Melnick & Dmitiri Kirin

• Create code that will allow you to add subtitles to your game for smaller markets where dubbing is prohibitively expensive.
- Avoid references to country-specific currency, institutions, and themes.
- Keep an accurate word count on spoken words, text files, and bitmapped text.
- Make buffers large enough to hold translated text.
- Isolate localizable resources.
- Ensure all symbols and icons convey the same meaning regardless of language.
- Ensure that menus and dialog accelerators are unique.
- Allow users to enter text, accelerators, and shortcut key combinations using international keyboard layouts.
- Confirm that sorting and case conversion are culturally accurate.
- Ensure that the game responds to changes in the control panel’s international/locale settings.
- Ensure that the game works correctly on different types of hardware, particularly on hardware that is sold in the target market.
- Inasmuch as language can affect the length of some: WAV files, note the length of each one in a separate document.
- If recordings are involved, make sure the speakers are from the region of the country with the lowest perceived accents.
Localization
A Key Element in Successful Casual Games

• Use animation software that will keep the character's lips moving while the sound file is playing.
• Make a "final script" that reflects what the actors actually said on the video that is used for the product.
• Use extensive scripting, and fastidiously document any changes that are made.
• Have script segments assigned to individual .AVI files.
• Leave extra space in text boxes for "foreigner" languages (such as German).

Get some examples from your translators, as text boxes may often need to double in size to fit translated text.

In addition to developing your game to be easily modified for each territory, it is important to remain open-minded to different business models that may be necessary for different markets. When the trial-to-purchase model is currently the main revenue driver in North America, subscription or micro-transaction models dominate other markets. As a developer, you should plan from the onset for your title to work well with all of these models. Do not solely focus on creating a game that was only released online. In these cases, it would be wise to invest some resources in creating an asset knowledge base that will allow you to create publishing assets that will be culturally acceptable in the country of distribution.

Working with Foreign Partners
Most development companies—and many publishers—do not have the resources to properly localize their games internally and thus must partner with other companies. By building your game for localization, you are much more likely to find a good partner in most markets. Also, if your game can be localized cost-effectively, those savings will be reflected in the deal terms you receive. The more your partner has to spend to localize the less your partner can afford to pay you in royalties or advances.

A strong localization kit can go a long way in building a strong relationship with your localization partner. (see the Sample Localization Kit, opposite, for an idea of what such a kit might include.)

If you don’t have the capacity to create a fully functional localization kit on your own, offer your partners an outsourcing solution in which you work closely with their programmers and designers and gather as much information as you need to create a localization kit. In any event, it would be cost-effective for your company to split localization tasks into two major parts (for example, translation and implementation) and outsource them separately. Based on our publishing experience, there are no boundaries to what you can do with the right partners and the right tools. At the same time, make sure you “get into bed” with the right partners. It is important to have a partner that will use native language speakers, check and double-check the translation, and make the game appropriate for the market. (For example, do not use a Swedish company to create an Italian version of a game that they are unlikely to find the nuances that will make the game successful in the Italian market.) Although it is easy to turn over all the translations to one publisher or portal, before you do so you should make sure that that partner will take all the steps needed to ensure great localizations in every language.

In the long run, creating a truly localized version for each market is more important than the few days you may save by not working with multiple localization partners.

Americanization
With more than 50 percent of casual games developed outside of North America, localizing for the U.S. market should be a top priority for developers, yet few companies actually focus on it. As a publisher, we see hundreds of games monthly, and most of the titles developed by non-native English speakers are poorly localized for the U.S. market. This deficiency manifests itself in three ways.

First, the players in our evaluation group are less likely to review the game positively when the language impedes immersion in and enjoyment of the game. Second, if the language requires a significant rework, we must incorporate this cost in the deal terms we offer the developer. Third, and most importantly, poor localization sends the signal to our staff that the developer did not pay great attention to detail and did not devote the effort to the game that we would want in a partner. From talking to peers at other publishers, our analysis is very similar to the way games are viewed throughout the industry.

Language is the first key hurdle; non-US games often include words or phrases that seem strange to American players. By using non-standard nomenclature, the player is often taken out of the game environment and is instead left trying to figure out the story, the goal or the instructions. Although this article is not about how to make a successful casual game, one of the key elements to a successful casual game is grabbing your customers and creating the fantasy that they are part of the game.

Conclusion
Localizing is a key element in successful casual games, but is too often an afterthought. By planning for localization from the outset of a project, you are very likely to significantly increase your sales and overall chance of creating a hit.

Lloyd Melnick (lloyd.melnick@casualconnect.org), Chief Customer Officer and Co-Founder of Merscom, has been involved with publishing and licensing computer and video games for over 14 years. At Merscom, Melnick has marketed, produced, and published over 100 games for both the casual and core gamer market. He has also arranged strategic relationships with Massive Inc., Adscope, Eyeblast, Exert, Double Fusion, IGA Worldwide, DISCover, and ScandinaviansGames. Melnick has a Bachelor of Arts in Psychology and Political Economy from John Hopkins University and a Masters in Business Administration from Duke University’s Fuqua School of Business. He also earned a Master of Arts in European Integration from the University of Limerick in Ireland.

Dimitri Kirin (dimitri.kirin@casualconnect.org) has been involved in localization and translation for over five years. As Localization Manager at Merscom, Dimitri has managed and coordinated the localization of hundreds of titles. Dimitri also designed and implemented Merscom Project, Merscom’s propriety localization management system. With an eight-language interface, Merscom Project allows for the easy localization from virtually any language to any language. He has also arranged strategic relationships with several Russian companies to publish their games in the US, Western Europe, and Japan. Kirin holds Masters degrees in Business Administration and Oriental Linguistics, and is fluent in English, Russian, Polish, and Arabic.

Most of the titles developed by non-native English speakers are poorly localized for the U.S. market. that will convert well, also consider the underlying dynamics of these different business models and how they affect the level structure, rewards, incentives and other elements of your game. Also, be open to structuring your distribution agreements to allow different revenue models (for example, do not require a per-unit royalty) and to permit the integration of SDKs with your titles.

In addition, there are situations in which you may be contractually obligated to deliver to your distributor assets that were never created (for example, high-resolution, layered, box art for a game that

Sample Localization Kit

Overview
A checklist that provides some basic steps that should be taken in the design and development stages to ensure that the product will be easy to localize.

Global Software Methodology
A form that allows you to communicate to your localization partner the technical requirements you have for creating audio and video files as well as the tools they will need to localize and/or integrate the product.

Publisher Technical Requirements for Republishing
A checklist for ensuring that you deliver to your republishing partner all of the materials they will need.

Localization Schedule
Form that lists the deliverables and dates.

Republishing Material Checklist—Publisher to Republisher
Checklist for ensuring that you deliver to your republishing partner all of the materials they will need.

Republishing Material Checklist—Publisher to Publisher
Checklist for ensuring that the Republisher delivers back to you all of the materials you will need.

Promotion Plan Asset Checklist
Checklist of material that should be provided to the Republisher from the Publisher to ensure they can effectively market the product.

Packaging/Manufacturing/Promotion Goal Dates
A schedule of when marketing, promotional, and packaging material will be available for the Republisher. Essential for the Republisher’s timing and media buys.

Script for Republishing
Form that demonstrates how to format your script.

Translation Steps
Sample checklist to demonstrate the steps the Republisher will want to follow for translating the program and media resources.

Media File Structure
Sample diagram to demonstrate how you want to have the file directory organized for files that will be delivered back to you.

Republishing Information Package—Instruction Manual Data
Form that lists the files that will need to be translated to produce the instruction manual documentation.

Republishing Information Package—Packaging Data
Form that lists the files that will need to be translated to produce the box art and sell sheets.

Republishing Information Package—On-Screen Text and Graphics
Form that lists the on-screen text and graphics files that will need to be translated.

Republishing Information Package—Audio Republishing
Form that lists the audio files that will need to be translated.

Republishing Information Package—Video Republishing
Form that lists the video files that will need to be translated.
Pragmatic Design

Using Logic and Data to Increase Your Chances for Success

At Gogii Games, we have developed a long list of Top Ten games which use pragmatic design strategies. And with over 50 titles and two million units sold, I believe that luck has had very little to do with our success. As much as our designers might hate to acknowledge it, the true keys to our success have been logic and data. In fact, it's impossible to overstate the importance of monitoring consumer trends and independent marketing data to support any game build.

That's why we start every new design project with a clear understanding of our target consumers and their evolving interests—at which point we let the designers take over and create something that is fun and enjoyable (provided that it is on target, of course). That way we keep both sides of our studio happy.

Predicting the viability of any gaming concept is critical. We use a number of independent marketing data to support any of monitoring consumer trends and revenue of Gogii's biggest successes was Titanic, which is good to know if you’re considering creating a hidden object game. But remember to study the games that have flopped too. Look to other gaming titles available on alternate media as well. One of Gogii’s biggest successes was Poppy Zoo, which was developed after analyzing the patterns and revenue of Pets from Ubisoft and Nintendogs from Nintendo.

Some suggested sites for research include:
- www.BigFishgames.com
- www.Realarcade.com
- www.buin.com
- www.zone.com
- www.Reflexive.com
- www.Realarcade.com
- www.BigFishgames.com
- www.Games.yahoo.com

Monitor the Market

For starters, it’s important to monitor casual game sites on a daily or weekly basis. One of the most successful hidden object games still available on the market is Titanic, which is good to know if you’re considering creating a hidden object game. You need to keep up with low sales if you fail to properly target your customer.

Choose Your Target

Online you’ll find excerpts of research studies and gender polling. Such data can be very helpful in understanding consumer preferences and defining your target customer. For example, based on such data, we have made the strategic decision to design strictly for women. Although I dislike restricting our consumer base to that extent, it has made the most business sense for us.

Make Time to Know

Don’t waste time building a game for yourself! Knowing your customers and their interests is vital to capturing their attention. Even with a massive marketing budget you can end up with low sales if you fail to properly target your customer.

Even with the right research, you still need to deliver a strong product that is fun and is properly packaged. The Office is a great license from MumboJumbo, but it has not performed well with online audiences. Nevertheless, their box for retail distribution looks great and could do quite well in that distribution channel.

There are no guarantees. We had incredible success with Nanny Mania but when we released Babysitting Mania only eight months later, it didn’t perform. That just goes to show you that data never guarantees success; it merely increases the probability of success.

It’s impossible to overstate the importance of monitoring consumer trends and independent marketing data.

Establishing the brand in 2006, Gogii Games has since produced 11 products and 5 major hits. Ten titles are currently in development and scheduled for launch in 2008.

Published titles are available in multiple formats including PC retail, Nintendo Wii, NDS, SBA, and Mobile Phones.

Formerly, Donovan owned Infiknowledge Inc., where he produced Gamefiesta and gathered the skill set required to understand the consumer side of casual gaming. In 2001, he sold the company to Traffix Inc (TRFX:NASDAQ) a publicly traded marketing company.

Prior to forming Infiknowledge, worked for ICG a promenade Agency that worked with Developers and Publishers for placement, M&A and licensing arrangements. Having spent over 15 years in the Video Game business Donovan has established a large number of relationships and contacts in multiple traditional and non-traditional channels for distribution and licensing.
Dream or Reality?  
Does Your Project Have What It Takes?

Risk Management

Risk management. Sounds like a boring university lecture. But in real life, nothing is more important—or more interesting—for projects small or large. In previous editions of Casual Connect, we have offered suggestions on how to make a go of it as an independent developer (see, for example: “The Realities of Running an Independent Game Studio” (Summer 2007); “Surviving the Industry” (Fall 2007); and “Don’t Go Broke” (Winter 2007)). As a follow-up to those popular articles, in this issue we offer a series of articles about the specifics of mitigating risk.

1. “Survival” by Brian Poel. In the face of mounting competition and skyrocketing development costs, developers looking to enter the casual games space will need to carefully plan their business approach. Brian takes a look at specific distribution methods and business models available to mitigate risk for new casual games developers.

2. Examples of Survival—Three companies from the Big Apple.

Examples of Survival

Three companies from the Big Apple

Arkadium, an independent game developer headquartered in New York City, has mitigated risk by offering a number of different product options as a service to major brands. This includes allowing games to be compatible with many devices including TV and SetTop Boxes, Nintendo Wii and 99% of all computers.

The ability to create custom game software quickly on diverse platforms has enabled Arkadium to meet the needs of a wide range of clients such as Mattel, Hearst, National Geographic, CBS and Reebok—while not putting all of their focus on just one product offering.

Peter Lee and Kris Zimmerman founded Gamelab in 2000. Based in New York City, Gamelab focuses on PC download and online multiplayer games along with custom development for major brands. Their projects are funded with advances from publishers, private investment, self-publishing, as well as grants (Gamelab has received major grants from the MacArthur Foundation and Microsoft). Although many would have gotten high-and-mighty after the great success of Dinner Dash, Gamelab continues to work with publishers and partners while also pursuing self-funded projects in order to mitigate their financial risk on any one product.

Since opening its doors in 2001, Large Animal, an independent developer located in New York City, has mitigated the risk of self-publishing downloadable games by adding projects which involve advances from publishers. The duality of guaranteed income from publishers and the high return on self-published titles has segued into the addition of a new online framework for player customized games, PlayWidgets. For example, their Mustache PlayWidget allows users to add mustaches to their photos which are then viewed and rated by others and can be embedded into any blog or social networking site.

Survival

Risk Management for the Small Developer

As the digitally distributed games industry matures, small developers should consider carefully how best to compete. Given the evolving budget realities of independent development, how can developers minimize their risks, while retaining their independence and building a future for their companies?

The Changing Market for Casual Games

One reason developers originally left the enthusiast core market to work on downloadable casual games was the vast difference in investment risk. Enthusiast core games required a staff of dozens, budgets counted in millions, development cycles measured in years. Developers had no choice but to work for publishers in order to get financed. By comparison, the casual industry has thrived on a fraction of those numbers, so developers have found that they can self-finance, create direct relationships with distributors, and most importantly, retain ownership of their intellectual properties—the key to building the value of their companies.

In the last year, the cost of building casual games has increased, however, as production values have risen dramatically along with customer expectations. In order to compete, it takes bigger teams with bigger budgets to make a quality game, and because of the longer development cycles, developers can’t afford to launch as many games each year. Don’t get me wrong, there will always be a place for quickly, out-of-nowhere, low-budget hits, but no one can predict where they’ll come from next (that’s why they call it “out of nowhere”).

On top of these competitive pressures is the reality that in casual games, like in any hit-driven entertainment industry, more than 80% of the revenues are generated by less than 20% of the games. While a large publisher can play the odds by shipping many games per year, offsetting losses from its duds with the success of a single hit, independent developers find themselves betting it all on one game—one game that determines the ultimate fate of their fledgling enterprise.

Reduce Your Risk with Web Games

One way you can reduce your development risk is to downshift into a part of the industry that has a lower ticket to entry: web-only games (that is, Flash or Active X games). Budgets and development cycles for web games are much smaller than those of their downloadable counterparts. Compared to what it might cost to finance a single high-quality downloadable game, you can launch many more web games in less time and with a smaller team, allowing you to spread your bets across multiple games and increase your chances of scoring a hit.

Fortunately, revenue models for independent developers of web games are not as well developed as they are in the downloadable market. Some distribution portals still do not share advertising revenue at all, and those who do employ a wide range of contract terms. Fortunately, this points to a royally shake-down coming soon as the advertising market solidifies. Investing in this part of the market sooner rather than later could position you ahead of the rest of the pack in this critical and fast-moving corner of the casual games industry.

Fund Your Independent Projects with Money from Published Projects

Another way to diversify your risk is to swallow your “indie pride” and accept money from a publisher in order to fully fund one development team. The key is to take advantage of this period of steady income to self-finance the development of a second downloadable game in which you own the IP (or several more web games if you’re going that route). It’s easier to endure the evenings and weekends of working on side projects, knowing that at least your salaries, equipment and software are being paid for by your published project.

Keep in mind that a publisher is unlikely to fund development with a completely unproven team, so this option is usually open only to developers who have already produced one or two casual games and have proven that they have good production values and design instincts—even if those games weren’t mega-hits.

Jessica Tams of how his company used rapid prototyping to foster innovation.

4. “Zem Buzzers Postmortem” by John Foster. A group of experienced, successful and smart developers leave their safe nest at an established Advergaming company and set off in search of their own fame and fortune. Follow their experiences over two years—and the rather harsh lessons learned from their experiences. Although Zem Buzzers was released nearly three years ago, the candid detail is still illuminating today.
As the web-only market becomes more sophisticated, a strong web-game portfolio could be enough to secure publishing deals—even work-for-hire to create web versions of existing download games or to make the leap from web to download production.

License Your Intellectual Property

Once you have a hit on your hands—with original IP—try to make the leap from web to download versions of existing download games or deals—either work-for-hire to create web and distribute the game on other platforms, or revenue generated through a licensing agreement is revenue that you would not have earned otherwise. It also allows you to get back to the business of generating more original IP.

Managing Your Risk and Planning for the Future

These strategies for managing risk are not unique to the casual games industry, but rather they can be seen at work in many other entertainment industries, including the core games market. As the casual games industry matures you must continue to adapt to changing budgets and changing business models, but we must all work together to ensure that the spirit of the independent developer survives and thrives in digital distribution.

Brian Post [brianpost@comcast.net]. Currently an independent consultant for the casual games industry, Brian most recently worked for Dohmen Media, where he held a variety of positions over his nearly four year tenure, including managing content acquisition and developer relations, as well as legal and financial operations for developer royalties. Brian brings a diverse background to casual games: information design and usability, an MBA from the University of Washington, professional theatre, and a life-long passion for games of all shapes and sizes.

Where work meets play!

In every PopCap office worldwide, fun is the name of the game. From the business team to the studio, our exciting, creative work environment is the key to making the great titles PopCap is known for: new award-winners like Peggle and Bookworm: Adventures, and classics like Bejeweled® and Zuma®.

Join our team — it’ll be a blast! PopCap.com/jobs

Rapid Prototyping to the Rescue

How to Keep Design Documents from Destroying Innovation

In the last 18 months, it has become rare to hear someone say “prototyping” without it being adjacent to either the word “rapid” or “iterative,” or (for that matter) “radical iterative.” I see that “rapid prototyping” generates about 1.6 million Google hits, whereas there are exactly 589 for “slow prototyping.” The prototypes have spoken.

During the development of our game Schizoid, we accumulated more evidence (the hard way) that rapid prototyping is the best method of creating innovative gameplay. This was not surprising. But at the same time, we also found (probably belatedly) that there’s a second reason that rapid prototyping is important: Speed saves prototypes—and in turn, therefore, it can save projects. (If “speedy rapid prototyping” sounds redundant, a more detailed description might be “rapidly-iterative prototyping that quickly proves its points.”)

Design Documents Stifle Innovation

I don’t think I’ve talked to any developer in the past five years who has said that the key to innovative game development is writing—and then executing—a thick, monolithic game design document. In contrast, the buzzwords—actually buzz-bullet-points—I’ve heard in the last couple of years have been:

• Try a tiny prototype to investigate a new gameplay idea. If it’s fun, plan tentatively to use it, and polish it up and improve it a little bit next week. Repeat until you get Peggle. If the idea isn’t fun, then either make it more fun in the next week and try again, or throw it away and try something else; you have avoided a path to boredom, and it didn’t cost you much to learn to avoid that path.

• Agile development methods like Scrum are really good for this. Work in short sprints, making immediate adjustments to the previous day’s work, and operating off of a two-page to-do list. And you should adopt this philosophy of embracing frequent change, using a rapid-prototyping philosophy on most components of your game project, for nearly the entire time you are developing the game, up until you really freeze the features and go into final QA.

• You can’t design the fun of a video game in advance on paper. As you create parts of the game, unexpectedly fun interactions will appear occasionally. The team should pounce on these—because each unexpectedly fun part of the game might expand to be a larger part of the game, or even end up being the focus of the whole game. These are the now-standard arguments on how to innovate in games. Each has significant downsides. From the viewpoint of trying to create an innovative game, the worst downside is that as an independent game developer, it’s generally not possible to do any of the above. For the past 15 years, publishers have required that thick, monolithic design documents (as opposed to Design

Reflex Detector system, which you forgot to write into the schedule. (Even so, I’d argue that designing the scoring system up front is a pure waste of time since at design-doc time it’s not even clear what the score should measure.)

• The publisher simply wants to see and understand what it is paying for. “Is this game we’re buying more like Doom 3, or Castle Wolfenstein 1 (on the Apple II version)?”

• The producer has a sneaking suspicion that you are planning to pocket three-quarters of the advances and use the remaining one-quarter to pay one subcontractor and a few college interns to slap together a game that’s barely sufficient to satisfy the milestone definitions. The big design document may protect against this, the producer hopes, and robustly!

Another aspect of the thick design document that affects innovation is this: When stuff from the design document gets changed, amplified, or—horror!—cut altogether, a cranky individual at the publisher can (and probably will) point to the contract, explain that you are in breach,

As the web-only market becomes more sophisticated, a strong web-game portfolio could be enough to secure publishing deals—even work-for-hire to create web versions of existing download games or to make the leap from web to download production.

License Your Intellectual Property

Once you have a hit on your hands—with a game that you own, that is—you need to find partners who are capable of taking your IP to other platforms or distribution venues where they have the means and expertise to generate revenue.

A common example is licensing for mobile development. Creating a mobile game that you own, that is—you need any revenue generated through a licensing agreement is revenue that you would not have earned otherwise. It also allows you to get back to the business of generating more original IP.

Managing Your Risk and Planning for the Future

These strategies for managing risk are not unique to the casual games industry, but rather they can be seen at work in many other entertainment industries, including the core games market. As the casual games industry matures you must continue to adapt to changing budgets and changing business models, but we must all work together to ensure that the spirit of the independent developer survives and thrives in digital distribution.

Brian Post [brianpost@comcast.net]. Currently an independent consultant for the casual games industry, Brian most recently worked for Dohmen Media, where he held a variety of positions over his nearly four year tenure, including managing content acquisition and developer relations, as well as legal and financial operations for developer royalties. Brian brings a diverse background to casual games: information design and usability, an MBA from the University of Washington, professional theatre, and a life-long passion for games of all shapes and sizes.

Where work meets play!

In every PopCap office worldwide, fun is the name of the game. From the business team to the studio, our exciting, creative work environment is the key to making the great titles PopCap is known for: new award-winners like Peggle and Bookworm: Adventures, and classics like Bejeweled® and Zuma®.

Join our team — it’ll be a blast! PopCap.com/jobs

Rapid Prototyping to the Rescue

How to Keep Design Documents from Destroying Innovation

In the last 18 months, it has become rare to hear someone say “prototyping” without it being adjacent to either the word “rapid” or “iterative,” or (for that matter) “radical iterative.” I see that “rapid prototyping” generates about 1.6 million Google hits, whereas there are exactly 589 for “slow prototyping.” The prototypes have spoken.

During the development of our game Schizoid, we accumulated more evidence (the hard way) that rapid prototyping is the best method of creating innovative gameplay. This was not surprising. But at the same time, we also found (probably belatedly) that there’s a second reason that rapid prototyping is important: Speed saves prototypes—and in turn, therefore, it can save projects. (If “speedy rapid prototyping” sounds redundant, a more detailed description might be “rapidly-iterative prototyping that quickly proves its points.”)

Design Documents Stifle Innovation

I don’t think I’ve talked to any developer in the past five years who has said that the key to innovative game development is writing—and then executing—a thick, monolithic game design document. In contrast, the buzzwords—actually buzz-bullet-points—I’ve heard in the last couple of years have been:

• Try a tiny prototype to investigate a new gameplay idea. If it’s fun, plan tentatively to use it, and polish it up and improve it a little bit next week. Repeat until you get Peggle. If the idea isn’t fun, then either make it more fun in the next week and try again, or throw it away and try something else; you have avoided a path to boredom, and it didn’t cost you much to learn to avoid that path.

• Agile development methods like Scrum are really good for this. Work in short sprints, making immediate adjustments to the previous day’s work, and operating off of a two-page to-do list. And you should adopt this philosophy of embracing frequent change, using a rapid-prototyping philosophy on most components of your game project, for nearly the entire time you are developing the game, up until you really freeze the features and go into final QA.

• You can’t design the fun of a video game in advance on paper. As you create parts of the game, unexpectedly fun interactions will appear occasionally. The team should pounce on these—because each unexpectedly fun part of the game might expand to be a larger part of the game, or even end up being the focus of the whole game. These are the now-standard arguments on how to innovate in games. Each has significant downsides. From the viewpoint of trying to create an innovative game, the worst downside is that as an independent game developer, it’s generally not possible to do any of the above. For the past 15 years, publishers have required that thick, monolithic design documents (as opposed to Design

Reflex Detector system, which you forgot to write into the schedule. (Even so, I’d argue that designing the scoring system up front is a pure waste of time since at design-doc time it’s not even clear what the score should measure.)

• The publisher simply wants to see and understand what it is paying for. “Is this game we’re buying more like Doom 3, or Castle Wolfenstein 1 (on the Apple II version)?”

• The producer has a sneaking suspicion that you are planning to pocket three-quarters of the advances and use the remaining one-quarter to pay one subcontractor and a few college interns to slap together a game that’s barely sufficient to satisfy the milestone definitions. The big design document may protect against this, the producer hopes, and robustly!

Another aspect of the thick design document that affects innovation is this: When stuff from the design document gets changed, amplified, or—horror!—cut altogether, a cranky individual at the publisher can (and probably will) point to the contract, explain that you are in breach,
Rapid Prototyping and Saving Projects

How long do you want your best people putting their efforts toward something that has less than a 50% chance of panning out?

Casual Connect Magazine
Casual Connect Magazine

Zam BeeZee is a casual game of the word game genre introduced in July 2005. The game was conceived, designed, produced, developed and maintained by two people: an artist and a programmer. Two people—with a passion for games, a point to prove and never enough free time—made the game over the course of two years. The result was a lesson in humility no one expected.

Developer: Blackhurst Media, Inc.  
Publisher: self-published  
Release Date: July 2005  
Platform: PC  
Engine: Director MX 2004  
Dev Time: 25 months  
Team Size (part time): 2  
Team Size (total): 2  
Budget: $100,000  
Most Valuable Word Attained During Development: zabagliones (32,652 pts)

Why Bother?
The year 2003 saw the beginning of the boom in the casual games market. Inspired by the success of titles such as Bejeweled, Collapse, Zuma, and Bejeweled, many independent developers and established studios saw the pot of gold at the end of the casual games rainbow. With the Internet as an easy and low-cost distribution method and the ins and outs of the capabilities of Macromedia Director. We had made many games in this existing market. We chose Macromedia Director on what was appropriate for the right technology to build a casual game based on what was going on, and thought, “We could do way better than this.” So starting at the end of 2003 in our spare time we began developing a word game called Jumble Bee. Jumble Bee would address a lot of areas we saw as lacking in casual games—high artistic production values, rich sound, engaging game play that challenged the player who invested in the game yet had a low barrier to entry, and a lot of game-play features for the $20 we expected users to pay.

Choice of Technology
Our first major decision was choosing the right technology to build a casual game. The easy and low-cost distribution method and the ins and outs of the capabilities of Director. We had made many games in this technology and we had a solid pipeline for workflow. We also had the technical talent to address all of the game features we needed and could get the performance we required. The only other option would have been C++ and we did not have the talent to address all of the game features. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration.

Development Process
We purchased all software and made sure everything we used for the product was licensed on our own equipment so as not to cause any conflict of interest or software licensing issues. Since the project team was just two developers we skipped all formal process such as game design. We didn’t see the need nor did we have the time to write down ideas and vet them through. Instead, the artist independently developed a full prototype of the game in Director. From that point the programmer coded the art assets to build a functioning prototype while the artist continued working on new features. While this methodology produced quick results, it also led to many problems. At certain points in the development process new features were introduced that canceled out already coded features from the prior iteration. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration. Some ideas were not well thought out and we had trouble merging ideas or reworking features we considered canceled out already coded features from the prior iteration.

Summary
Zam BeeZee was launched in July 2005. The game was released on PC and Mac and sold very well—over $100,000 each in net sales revenue. The company saw the success of this market and in due time (almost four years later in 2004) began work on four new titles. These titles were lighthearted game concepts better suited to consumable online play as opposed to the casual games market—or what it had become by 2005 when they were introduced—and the market responded accordingly. Most portals wouldn’t even take the games. Where they were listed they sold poorly.

At the time we were working on these games, the two of us (names need to remain hidden to protect the innocent) looked around, and saw what was going on, and thought, “We could do way better than this.” So starting at the end of 2003 in our spare time we began developing a word game called Jumble Bee. Jumble Bee would address a lot of areas we saw as lacking in casual games—high artistic production values, rich sound, engaging game play that challenged the player who invested in the game yet had a low barrier to entry, and a lot of game-play features for the $20 we expected users to pay.

Postmortem of the Development of the Casual Game Zam BeeZee

John Foster
This type of development process is not recommended and we can read about the many times it failed projects in the history of software development. While in this case it was trouble free, it was not detrimental. That is because the two people involved here worked very well together, having worked on games together for over five years and they were very passionate and determined to get it right. It also helped that there was no budget and no delivery time. While I would never recommend doing a software project like this it worked in this case due to passion.

**Beta Testing**

Finally in the spring of 2005 a beta version of Jumble Bee was ready for testing. We introduced the game to our families and friends and a few acquaintances in the industry. We were very encouraged initially as many of our testers could play the game without any instruction. We felt confident these testers represented our target casual games audience. A small number of bugs and gameplay issues arose out of the beta test, all of which were quickly addressed. New builds were made on a regular basis and distributed to the increasing number of beta testers as the game grew in popularity amongst our small circle of friends and family.

IGDA Demo Night: We showed the game to the New York City game development community at an IGDA sponsored demo night. There was a lot of excitement in the air as the demo progressed and people in the audience shouted out words as they got into the game. IGDA members were singing praises over the production quality, the music and the gameplay. Having your game validated by your peers is very rewarding. We definitely felt we were on the right track now. The IGDA event introduced many networking opportunities.

**Testers**

We knew who was working at each portal, treated us with respect, and if the game, treated us with respect, and if the game was successful. This is all very scary business; transfer of IP if the game is successful. This is all very scary stuff for developers with little legal expertise. But we had a game that was done and it would sit on the shelf if we didn’t sign at least one of these agreements. We decided to go with Oberon. They were very excited about the game, treated us with respect, and gave us the overall feeling that we could work together. The downside was a 10 percent royalty share. It was nowhere near as attractive as what we could get directly from Portal. While this is understandable given the additional overhead, it really left us wondering if this could be a viable business given the low return. Only if the game sold really well would it be worth it.

**Cost of Development**

We wanted to understand what our investment was in this project so we could determine if the sales results would deliver us a profitable business model. In order for us to consider this a business—and we weren’t expecting to get rich doing this—there had to be a positive side to the revenue received against the cost of development. We had plenty of experience making games and managing development teams so we felt we understood the process life cycle. There was some up-front design work, art, production, coding, testing, producing, marketing, and integration. Also tracked was the effort to make special builds for each portal and assemble the necessary marketing assets. We tracked our hours and assigned hourly values to different roles as to simulate what it would cost if we hired relatively low-level resources to perform these tasks. (See Table 1: Development Costs.)

In the end we calculated the project would have cost us close to $102,000 to develop. Granted, this is a bit on the high side as compared to most casual games. We can justify this cost because the game play and feature set of Jumble Bee is very deep.

Furthermore, there was a good deal of rework due to some of the design and development process issues discussed earlier. It was also our first game and there was a lot of time invested in modular reusable code and process development that should save us time on the next project. $100,000 in development costs would mean we needed to sell 2,000 units at a sales average net of $5.00 per unit before we could realize a profit.

**Sales Performance**

Initial sales results were pretty discouraging. We sold 142 units the month the game was introduced. The following month the number rose to 270, but still far below our projections, but encouraging considering we did not yet have widespread distribution. After the first two months of sales the numbers steadily decreased, as is expected, but since we started at such a low volume and with no money we were left wondering if other important portals it was disheartening. We tried to think of ways to improve sales performance. We tried to work with the portals to feature the game or give it some prominence in some way on the websites. This effort resulted in no effort by the portals. The portals had written us off by now and no one was willing to chase after a loser. (See Table 2: Sales By Month.)

In a surprise and unexpected twist, MSN featured the game in their top 5 word games for 1 week in July, 2006. Doing so resulted in an immediate spike in sales. That one week feature lasted for two months in increased sales numbers.

**Risk Management**

What is very interesting about Zen Beez is its conversion rate. The typical casual game in this market averages a 1–2% conversion rate. That is, for every 100 people who see the game advertisement, 2 people click on the advertisement and 1 person actually visits the site and plays the game.
Imagine your game being played by 60 million people every month...

With more than twenty-five online game portals and over sixty million visitors per month, Spill Group is the casual gaming destination in the world.

More information: visit www.spillgroup.com

Join our network!

60 million

SPILL GROUP EUROPE
Arendstraat 23
1223 RE Hilversum
The Netherlands
T +31 35 646 63 00
Looking for a publisher?

We can help you make your dream a reality. Contact us about publishing/distributing your casual game.

submissions@freezetag.com

100 people who download the game and play the free trial, one person will purchase it. Zam BeeZee's conversion rate averages 4% and in some months was as high as 15%. In fact, I would think any independent developer making a great game will not find an audience.

Conclusions/Delusions

Based on our experience, the euphoria of license acquisition will lead to a successful game. First and foremost, the license has to appeal to people who represent your target audience and who believes in your idea and is willing to take a chance on you. In our case, no one was willing to stick their neck out, and the sales performance returned exactly what was put in. Nothing. Given our experience with the casual games industry we offer these rules for small developers:

1. Develop the business plan before the game. Without a plan to market and distribute the game, even the greatest game ever made will not find an audience.
2. Back up the business plan with solid contacts at portals and distributors. If it’s part of your plan then find a publisher who believes in your idea and is willing to help implement the business plan.
3. Without the business plan and a surefire distribution plan, don’t bother developing the game.
4. Get a good lawyer who has experience in the games and/or music industry so you know who to handle the types of contract points and intellectual property issues that will come up.
5. Make the best deal you can with all the portal and distributor options you can muster up. Too few distribution points and you may not receive a good enough return on your product.
6. Iteratively build your game from the core game play concepts out, checking each playable build with key constituents who can verify your assumptions. People close to the development process are not useful for this so don’t even consider it. Use your publisher, distributor, and portal contacts to play-test the game. Identify typical users who represent your target audience and check your assumptions and listen to their feedback.

For now it’s back to the comfort zone of working for an established company and having someone else worry about making a profit and meeting payroll. It’s nice to have dreams and the ability to execute an ambitious plan, but with too many factors beyond your control it is futile.

John Foster can be reached at john.foster@casualconnect.org.

Robert Adams

"You should never underestimate a licensor's belief that the license can and will make your game a hit."

Licensing Content

A Developer's Guide

Working with a major piece of intellectual property is both challenging and rewarding. From the initial excitement of placing your name next to a major brand to the anticipation of the first sales report, it’s a complicated but satisfying relationship with many interesting and unique challenges.

Those of us who work in the games industry are no strangers to licensed product. These days it seems that just about anyone is willing to slap any old license on a game-play mechanic. Yet with all the excitement around licenses, one of the biggest mistakes one can make in the casual games industry is to assume that a license makes a game successful. True, the familiar name might increase traffic to your game, but in a predominately trial-to-purchase marketplace, you’re most certainly doomed to failure if the game doesn’t stand on its own merits or fit well with the license. At the same time, you should never underestimate a licensor’s belief that the license can and will make your game a hit. The various statistics and countless graphs always point to the power of the brand. As a licensor, it’s important to set realistic expectations, especially for the licensors unfamiliar with trial-to-purchase consumers or those who have historically relied on retail impulse buying.

The Development Process

Before you begin development or the design process, you should work with the licensors to determine what is really important to them about their brand. Knowing which things you can or cannot modify or adjust for your project will save time and bitter feelings later in production. If you’re going to modify the brand in any way, it is often best to present those modifications to the licensor by using a different brand to illustrate what you have in mind. Concrete examples can help show how other brands have been successfully adapted to games. Use those as support for any adaptations you’re planning to implement for your project.

Beginning with pre-production and throughout development, there should be constant review to ensure that the license acquired will lead to a successful game. First and foremost, the license has to appeal to people who represent your target audience and who believes in your idea and is willing to take a chance on you. In our case, no one was willing to stick their neck out, and the sales performance returned exactly what was put in. Nothing. Given our experience with the casual games industry we offer these rules for small developers:

1. Develop the business plan before the game. Without a plan to market and distribute the game, even the greatest game ever made will not find an audience.
2. Back up the business plan with solid contacts at portals and distributors. If it’s part of your plan then find a publisher who believes in your idea and is willing to help implement the business plan.
3. Without the business plan and a surefire distribution plan, don’t bother developing the game.
4. Get a good lawyer who has experience in the games and/or music industry so you know who to handle the types of contract points and intellectual property issues that will come up.
5. Make the best deal you can with all the portal and distributor options you can muster up. Too few distribution points and you may not receive a good enough return on your product.
6. Iteratively build your game from the core game play concepts out, checking each playable build with key constituents who can verify your assumptions. People close to the development process are not useful for this so don’t even consider it. Use your publisher, distributor, and portal contacts to play-test the game. Identify typical users who represent your target audience and check your assumptions and listen to their feedback.

For now it’s back to the comfort zone of working for an established company and having someone else worry about making a profit and meeting payroll. It’s nice to have dreams and the ability to execute an ambitious plan, but with too many factors beyond your control it is futile.

John Foster can be reached at john.foster@casualconnect.org.
The Good, the Bad, and the Money

Inbound Licensing: The Value of Global Brands

Every developer would like to create the next RISK or American Idol and own the IP outright. That is certainly the ideal. But there is a really good reason that licensing a popular game or brand is often better than trying to invent your own IP, namely: traction. The license represents years of R&D and a built-in consumer base. It includes countless hours of playtesting and perfecting—often over decades. Brands add value, and the best have their own cultural or even global mythology behind them, making consumers believe they are participating in something bigger when they play a familiar game.

But if brands add so much value, why is it that interactive versions of our favorite toys or games sometimes miss the mark? Does the large advance for the license lead to reduced production budgets? Is it that developers would rather create their own IP, so the teams produce licensed games only grudgingly (no fun for the developers, none for the players)? Or is it that interactive games are sometimes such a different animal that the essence of the original toy or board game loses something in translation, or perhaps can’t be translated at all?

Let’s License a Brand

After a long day of trying to find the next hit from a pile of internal and external game submissions, you arrive at a friend’s house with few less hairs on your head and she breaks out a favorite board game to help you relax. You play it and it’s great! The gears are turning in your head—because you’re in the casual games business, and you’re just hit gold! The next day you telephone the ACME Game Company— you simply have to make that game and the negotiation begins. Lucky for you, your lawyer and smart associates have you ready for this conversation. Here are some of the things you’ll want to discuss:

• What rights are you after? Licensor often sell rights for specific platforms, making the advance within reach of small-to-medium publishers. Casual download rights, retail, XBLA, Wii, DS? The more you want, the more the license is likely to cost.

• When are you going to exploit these rights? Perhaps it’s your company, and also your affiliates. In casual, you depend upon third parties to market and sell your games. The licensor wants to understand your business model and who you will depend upon to publish or distribute the game.

• How Long: A license may have several exploitation periods that open up based upon hitting negotiated, financial milestones. For example, after the initial term, if you hit the agreed upon financial milestone, you can extend the license for an additional year or years. If you fail short, you may lose the license, or the rights may get ratcheted down (for example, the rights, or some subset may become non-exclusive). There is typically a maximum term for a license, creating a great sense of urgency to get the product out to customers ASAP and market it like crazy. Your goal is to make lots of money—and not lose those rights!

• Where: In what territory do you plan to exploit the property? All over the world? Only in English-speaking territories? The licensor will want to ensure that you have the ability to market the game in every part of the territory to which you’re granted rights. For example, if you aren’t able to market a license-based product in Japan, the licensor will want to retain control over the Japanese rights.

• Revenue Split: How will you and the licensor split the revenue you receive? 50/50 70/30 90/10? Will the revenue split be based on gross revenue or net revenue? If net, what deductions will you be entitled to take? It’s all negotiable and typically based upon the strength of the brand versus that of the developer/publisher. You should know what minimum revenue split you’ll need in order to make the project financially viable. And keep in mind that, in addition to revenue splits, the contract will also stipulate dollar minimums that you as the licensee will need to pay to hang onto the license in the years ahead—regardless of the revenue the game generates. For example, if the licensor’s minimum share for Year Two is $100,000, but in actual revenue its share only hits $85,000, you will still need to pay the additional $15,000 to hold onto the license.

• Approval: Every licensor has a different approval process. The process needs to be clear and spelled out upfront so that everyone understands what they are getting into. Some licensors need three business days (72 hours during a business week) to review materials; others may insist upon an unlimited amount of time with a cap for the entire contract—or “sunset” if it is often referred to—which can really complicate your development if not managed properly. Involving the licensor at the right time is critical to keeping your project moving forward at a steady and methodical pace. Anything that you’re creating as a representation of their license (including characters, settings, storylines, etc.) should certainly be made available for their review as early as possible.

However, you should minimize the licensors’ involvement with other aspects of development, especially in the early stages when your team is working to turn a design document into an actual game. In particular, you should strive to minimize the licensors’ exposure to the unfinished portions of the project. When the time comes to show them a work-in-progress, you can expect your team to be hit with a list of questions about unfinished bits of the project. The best you can do is have a conversation prior to every milestone reminding the licensors what they can expect, what isn’t supposed to be finished, and what you’d like them to comment on and approve.

In short, if you’re thinking about working with a license these are some of the things you want to consider: brand integrity, relative game-play, and demographic appeal. Be true to a license, use a game-play that works well with that license, and make sure both are appropriate for your demographic.

Robert Adams is currently a Senior Producer at Oberon Media, Inc. As a Sr. Producer Robert has been responsible for the success of numerous titles including Agatha Christie: Death on the Nile, Magic Match, Turbo Pizza, and most recently Agatha Christie: Peril at End House. With over five years production experience in the casual games space, Robert is constantly striving to advance the marketplace by offering new and innovative content that is broadly appealing for the consumer. Robert can be reached at robert.adams@casualconnect.org.

Kevin Richardson
A brand is a promise.

Would I want to work with this group for the next two to three years?

To the extent we can, we endeavor to offer in-house as well as online promotion for the properties. We have a robust database that we can activate and market to on behalf of our partners. Where some content owners may hand over their style guides and wait for them to be reviewed. We like to take a hands-on approach in finding creative ways to offer marketing support for our partners.

Hoagland: Great. Would you or your organization weigh into the creative and marketing decisions for the brand?

Eisenstein: And don’t violate the brand parameters.

Turner: Do’s:

1. Stick to the brand, creative and gameplay. They are successful, tried-and-true properties for a reason.

2. Think of creative ways to market the properties by engaging enthusiasts and working with partners.

3. Have fun.

Don’ts:

1. Don’t do the bare minimum for promotion and marketing. While our properties give our partners a leg up because of the tremendous brand equity and inherent game play, the competitive landscape requires that the properties be marketed consistently.

2. Don’t completely rely on our TV talent to sell the game. While this talent can sometimes be helpful in selling the game, the inherent game play and rich history can be the best salesman.

3. Don’t oversell or undersell the product.

After the game is released, what kind of marketing support does the developer get from you?

Turner: We always encourage cross-promotion between our partners—retail to digital and digital to retail.

“Be innovative. The analog version of the brand can be so much more than the digital media.”

Rachel Hoagland is currently the Senior Direc- tor Digital Media at Hasbro, Inc., a worldwide leader in children’s and family leisure time entertainment products and services, including the design, manufacture and market- ing of games and toys ranging from traditional to high-tech. Rachel has been in the industry for more than 12 years with primary focus on out-licensing intellectual property for game development.

Jim Eisenstein (Jim.eisenstein@casualconnect. org) is currently the Creative Producer Digital Media & Licensing at Hasbro, Inc., including the design, manufacture and marketing of games and toys ranging from traditional to high-tech. Jim has been in the industry for more than 25 years as a game developer, designer, and executive project manager with a focus on casual and mobile games.

Jason Turner (Jason.turner@casualconnect.org) is Director of Interactive, Americas, FremantleMedia Licensing Worldwide. In this role, he oversees the on- and off-air interactive activities of FremantleMedia throughout the U.S., including brands such as American Idol, American Inventor, Family Feud, Holiday Vending Machine, and American Girl, to name a few. Jason is responsible for establishing and generating new business opportunities through licensing and sponsorship deals, as well as effectively building brands and monetizing those brands for new media.

Kevin Richardson (kevin.richardson@casualcon- nect.org) is a consultant in the entertainment business. Kevin was the Executive Producer over the ClueFinders series and numerous Reader Rabbit games while at The Learning Company/ Mattel Interactive, and spinoffed out-of-home licensing for books, music, and television on a variety of brands. Before that, Kevin ran the European wing of the European Studio-Group PALOMA, developing and localizing animated content for the German television market. He has produced and written licensed games, contrib- uted to five feature films, and overseen anima- tion production at home and abroad.

Mike Cavarretta helped Kevin fact-check the article and is a licensing and videogame lawyer at Boston-area law firm Morse, Barnes-Brown & Pendleton.
Come Win with Us!
Take your games to the next level, and to the world. Oberon offers a full suite of world class game developer services from comprehensive production assistance to the world’s largest distribution network.

You made a great game – let us help you make it a winner.
http://corp.oberon-media.com/pub.asp

Opportunities for Developers and Publishers

Game business models can be thought of as a pyramid: at the base of the pyramid are the mass of consumers who play games but haven’t yet pulled out their wallets. These consumers nonetheless enjoy playing games and can be passively monetized through advertisements. Some subset of this group will be willing to “register” (in order, for instance, to save high scores or engage in community features) enabling more highly targeted advertisements. A smaller percentage of consumers (“transactors”) will proceed to actively purchase games or virtual game objects, while even fewer will enter into recurring billing relationships (subscriptions). Frequently business models will overlap. For instance, the virtual objects that a player chooses to purchase for a given game may also include product placements.

Opportunities for Developers and Publishers

Developers and publishers create games that command the attention of consumers worldwide. Advertising agencies and their clients need a bit of that attention and are willing to pay for it. Games, in particular, deliver an engaged, active audience. In brief, there are four ways to monetize game advertising.

1. In-game advertising appears in the middle of the game experience. Firms including Double Fusion and Massive work with developers and publishers to insert dynamic advertising “containers” into games. These containers can then be filled and refreshed as ad sales teams sell these virtual spaces.

2. Around-game advertising doesn’t appear inside an experience but instead appears around, on top of, before, or after the game experience. Games might be framed with standard-sized advertising banners and towers. Short, pre-roll advertisements in front of a game experience (with video or static images) while post-roll (bumper) advertisements end it, like a caboose. Advertisers are also fond of interstitials (mid-experience commercial breaks).

3. Product placement is more subtle than either of the first two options. Instead of a standard ad format, products themselves (such as a can of Pepsi or a t-shirt featuring a corporate logo) might be placed into games as items a character uses. Additionally, gamers might be given the option of purchasing Nikes or Pirellis for their avatars or cars instead of generic shoes and tires.

4. Advergames are games that serve as advertisements. Burger King, Toyota, and the U.S. Army are just a few of the entities that have commissioned games to drive brand awareness, brand engagement, and consumer preference.

Strengths

• They’re Dynamic: Print advertisements don’t change. In-game or around-game can be changed on the fly, enabling better targeting and fresher campaigns.

• They’re Interactive: Game advertising offers an opportunity to translate into higher sales.

• They Overcome the Payment Barrier: Rather than require gamers to plunk quarters into a slot or enter credit card information into a form, advertising gives game developers and publishers the opportunity to monetize game attention passively. With conversion rates of traditional casual games hovering at between one and two percent, advertising offers an opportunity to monetize the other 99% of consumers who aren’t willing to pay directly for the pleasure of gaming. According to research from eMarketer, in-game advertising is projected to grow at 23% per year to nearly $2 billion by 2011. Like other forms of media content, games also stand to grab a share of the $600 billion worldwide advertising market

While we spend most of our time talking about nitty gritty details in the casual games space, it is often good to take a step back and review the industry from a high level. Occasionally it’s good to organize what you know in a way that provides a more cohesive and complete picture than you might get from day to day. This high-level analysis of the casual games space was performed by Microsoft Casual Games Community team and may differ slightly from information presented directly from the Casual Games Association.
as advertisers chase audiences that are increasingly tuning in to newer forms of media.

**Weaknesses**
- Gamer Backlash: Push-back from players
- Anachronistic advertising of modern fantasy-realm role-playing games well-suited to advertising. Immersive, immersive fantasy.
- Advertising placements can also disrupt the flow of gameplay.
- Clumsy that ad supported products should be cheaper (or even free). Clumsy that ad supported products should be cheaper (or even free).
- Many gamers feel that ad supported products should be cheaper (or even free).

**Long-term VIvability**
The advertising business rises and falls with the macroeconomic cycle, and therefore it is somewhat risky. However, the flow of advertising revenues online has increased the viability and strength of this means of monetizing all applications (not just interactive entertainment).

**Model Variations**
Beyond the models described above, those who’d like to monetize their game products through advertising should also consider whether they’re seeking high-or-low CPM (cost per 1,000 impressions) advertising. Some forms of targeted, online video advertising may earn $100 CPM, while GameStop tends to dominate game retail, but other retailers including Amazon.com, Wal-Mart, and Target have capitalized on the broadening interest in games by expanding shelf space dedicated to all-genre content. Because casual games tend to consist of smaller digital signatures than their multi-subscription, hardcore cousin, they’re expected to distribute digitally. The realm of digital retail is diverse and full of experimental advertising. The bulk sale of games at a discounted price to an intermediary, retail operations (the bulk sale of games at a discounted price to an intermediary), retail consumers generally purchase a game for their own use or (more rarely) for giving to a friend or relative. Retail further breaks down into physical brick-and-mortar retail locations and digital portal and website retailers. Online retail is no less competitive. Online retail is no less competitive.

**Retail Games**
Retail involves the sale of games, one by one, to consumers. As opposed to wholesale operations (the bulk sale of games at a discounted price to an intermediary), retail consumers generally purchase a game for their own use or (more rarely) for giving to a friend or relative. Retail further breaks down into physical brick-and-mortar retail locations and digital portal and website retailers. Physical retail tends to be rare in the casual games industry, but that may be changing. Emboldened, perhaps, by the success and growth of the casual games industry—including the surprise success of the Nintendo Wii and the runaway success of the Nintendo DS—the majority of the large publishers are increasingly venturing into retail channels previously dominated by hardcore fare. GameStop tends to dominate game retail, but other retailers including Amazon.com, Wal-Mart, and Target have capitalized on the broadening interest in games by expanding shelf space dedicated to all-genre content. Because casual games tend to consist of smaller digital signatures than their multi-subscription, hardcore cousin, they’re expected to distribute digitally. The realm of digital retail is diverse and full of experimental advertising. The bulk sale of games at a discounted price to an intermediary, retail operations (the bulk sale of games at a discounted price to an intermediary), retail consumers generally purchase a game for their own use or (more rarely) for giving to a friend or relative. Retail further breaks down into physical brick-and-mortar retail locations and digital portal and website retailers. Online retail is no less competitive. Online retail is no less competitive.

**Strengths**
- Broad Audience: According to the Casual Games Association, over 200 million people enjoy playing casual games and will spend over $2.5 billion on them in 2008. This mass of consumers represents a tremendous opportunity for developers who can create interactive entertainment that has mass or niche appeal. Retail represents a channel for getting games in front of people who are willing to pay for them.

**Weaknesses**
- The Challenges of Retail: Physical retail can be logistically complex and brutally competitive. Even once a firm’s games have completed the journey from duplication facility to distribution facility to retail shelf, there’s no guarantee that consumers will still see them. Premium shelf space at eye level and near the point of sale is at a premium, products that don’t sell are quickly bumped for products that will sell. Retailers need to stock fast-selling inventory and are often unwilling to take a gamble on lesser-known brands or unknown (but innovative) genres, preferring instead the sure bet that will keep money flowing in and the lights on.

**Online retail is no less competitive.**

**Industry Average**
- Industry average conversion of trial users to customers hovers at around 1%. On average, only one out of 100 potential customers who download a casual game will actually pay for a full version of the game. Furthermore, the sheer variety and volume of distribution channels available requires that management rank and prioritize distribution efforts systematically so that the right games are placed in front of customers with the highest propensity to pay for them.

**Long-term Viability**
- Potential exists for online retail to become a growth market that will be vibrant for the immediate and foreseeable future. Savvy developers and publishers are running towards rather than away from physical retail.

**Model Variations**
- Online retail has come to mean more than just making sure a game is listed on the top five casual games portals. Games are now distributed to iPods and iPhones via iTunes, to brand new PCs prior to sale, to digital distribution platforms such as GameTap and Steam, and to alternative platforms such as Yahoo! Messenger and Windows Live Messenger. Developers and publishers who have invested in building a brand name and a destination website are also able to keep more of the revenue from a sale by cutting partners out of the developer/customers chain and going direct to customer.

**Subscription Services**
- Subscription services are modeled after similar services in other entertainment sectors. For a regular fee (usually monthly, quarterly, or annual), the subscriber is allowed unlimited access to premium content, usually in the form of deluxe downloadable games. Revenue sharing with developers and publishers whose titles are offered within subscription services can be significant. Inevitable audience fragmentation, changing audience preferences, subscription type, and platform. The most common means of assessing revenue are based on relative time usage (how much time a player spends playing each game in the service) or the number of game starts for each particular game.

**Strengths**
- Only a small portion of the people who play games online purchase more than one game via the dominant trial-to-purchase model. Subscription services can remove the need for additional, ongoing revenue streams in addition to the single purchase framework.

**Weaknesses**
- Subscription services require maintenance as players need new games added on a regular basis to keep them engaged. Furthermore, customers willing to pay for subscription products may be the same customers who like to play...
the latest releases, making pricing of the service a challenge. Additionally, some players subscribe only to find out that over time that they aren’t spending enough or playing subscription games to justify the monthly expense. Account cancellations and churn can be high if the service lacks compelling, ongoing value.

**Long-term Viability**

Good. However, the ongoing challenge of any subscription services is to maintain its perceived value to its subscriber base.

**Model Variations**

- **All You Can Eat:** As used by the MSN Games and GameHouse service, GameSpring, subscribers pay a fixed amount per month, quarter, or year in return for unlimited play of all the games in the service. In order to keep playing games, the customer must keep the subscription current. New games are added regularly.
- **Game of the Month:** Similar to the Book of the Month Club, subscribers pay a fixed amount each month in return for getting one (or more) games. Often, additional games can be purchased at a discount.
- **Premium Membership:** Many online services provide premium subscription memberships through which (for an additional fee) subscribers receive special privileges, such as extra storage space for virtual objects, advanced access to new games, special game-play, and limited-time content.

**Virtual Object Purchases**

Games purchase one-off items to enhance the game experience. Examples include avatar clothing and accessories, car decals, schemes, and new maps.

**Strengths**

- **High Margin Model for Developers:** The most expensive part of game development is the initial product launch. Downloadable content treats the existing game’s customers as an “install base” and treats the game as a platform. Adding additional content to a pre-existing engine leverages the investment in the game and further monetizes customers who have already made significant investment in the core game. In short, add-on content should be cheaper and more profitable than building a whole new game.
- **Reinventors of the Old: Title:** New content can bring people back to a title that had been finished. It can also bring in new customers.
- **Price Discrimination:** Digital objects give gamers the ability to control their purchasing experience by presenting options for content they may or may not want. Gamers with higher willingness to pay will be able to spend more. Previously, these consumers would simply buy a different game.
- **Team Morale:** Valve’s management has stated that downloadable content can be a welcome break and boost to team morale after the time intensive development processes associated with core titles. With shorter, more manageable lifecycles, downloadable content doesn’t wear on development teams in the same way. It’s also an opportunity for teams to reinsort features that were cut to make a ship date.
- **Customized for Customers:** Feedback helps developers deliver a more compelling experience by giving gamers what they ask for post-release.

**Weaknesses**

- **Payment Methods:** Margins are eroded by credit card transaction fees. Some platforms minimize such costs by requiring the purchase of large blocks of points.
- **Consumer Confusion:** A large catalog of digital goods can create a paradox of choice in which consumer anxiety over making the “optimum” purchase undermines the joy of gaming.
- **Payment Preference:** Gamers may be sensitive to being “nickel and dimed” for content that they feel should have been included in the core game. Some consumers simply prefer to pay a fixed price for the whole game.
- **Complexity:** When the number of digital SKUs multiplies, so do customer service issues. Digital objects require new policies. How should trading or selling of items between players be handled? If gray markets emerge, how should they be handled?

**Long-term Viability**

In an ideal world, this model removes all deadweight loss from the economic transactions of a game. Every player pays exactly what he or she is willing to for the experience.

**Model Variations**

**KerBlox** is strictly based on digital object sales. The game is free, but players purchase add-ons such as weapons and decals to enhance the core experience. WebKos offers a neat twist by allowing a real world purchase of a digital toy to enable a digital world purchase.

**Skill Gaming**

The outcome of games of skill (as opposed to games of chance or gambling) is determined by a player’s skill rather than by pure chance. This distinction (and the implementation of it) is critical, as the legality of skill-based gaming depends on it. Even so, legal issues differ greatly by region.

The key difference between a game of Poker that one might play on a non-skill gaming destination such as Xbox Live Arcade and on a skill gaming destination such as King.com, WorldWinner, or GameDuell is the opportunity to compete for real cash. Players pay actual money (stakes range from pennies to thousands of dollars) to join a “tournament” comprised of other players who have also paid to join the tournament, and all of the players compete for the collected stakes. The tournament organizers keep a portion of the entry fees to cover their administrative costs plus some margin.

**Strengths**

- **Standardized IP:** Though almost any game title can be converted for use as a skill game, the most popular skill games tend to have well-known play mechanisms. For example, the most popular variant of poker (Texas Hold’em) is a well known, well designed variant of poker that has reached a level of standardization and ubiquity. As a result, development of such games can be greatly simplified (no extensive play testing of the rules of play is necessary). Furthermore, such games tend to be readily available for license or purchase.
- **Existing Market:** A significant population of avid gamers show demonstrable willingness to engage and compete in skill-based gaming.

**Weaknesses**

- **Regulatory Threats:** Because of its proximity to gambling and because of the moral and political debate surrounding such activities, regulations that govern skill-based gaming are complex and vary widely by country and region within these countries. These regulations are prone to change at any moment, sometimes with dire consequences for companies (and employers) involved in providing skill games.
- **Fraud:** Real money increases the attractiveness of skill games for hackers and cheats. Creating a safe, fair gaming service requires significant investment into technology, fraud prevention, and customer service.

**Long-term Viability**

Playing for money may be one of the world’s oldest industries. Internet technology makes it easier for players to match up with and play against others who also enjoy this centuries-old past-time. Where there’s a consumer desire to play, there should be opportunities to profitably serve that desire.

**Pay-per-pay**

Pay-per-pay maps a game session to a cost. In classic arcade games, a quarter purchased one game session. This model can also be extended to a more direct pay-per-episode model in which a customer (from pennies to dollars) purchases a portion of play time (from seconds to hours or days)—much like a video rental.

Though players who anticipate playing a game regularly will almost always ante up for the full purchase price, players who are unsure of whether they’d like to play a game for hours on end tend to shy away from a $20 purchase. Pay-per-pay solves this dilemma by offering a low-risk trial. Game providers win because they’re able to make money from players who would have never normally just walked away from a $20 purchase.

WildTangent (through their WildCoins system of micro-payments) is one leader within the realm of pay-per-pay, taking the arcade model to the internet by selling packs of virtual coins.

**Strengths**

- **Pricing:** Players pay only for what they use. As customer willingness to pay is more closely matched to products, more exchanges of goods for virtual currencies are enabled. This should increase net revenue, though cannibalization (described below) is a concern.
- **Accessibility:** With proper micro-payment infrastructure and distribution in place, pay-per-pay makes games more accessible. If anyone, including younger children, were able to take $10 to a convenience store and purchase a stored-value card for 1000 points, games would become accessible to a segment of the population that is unwilling or unable to use credit cards.
- **Try Before You Buy:** This model can also be used to supplement or replace the common hour-long trial that typically accompanies digitally-distributed casual games. For example, rather than force a hard cutoff after one hour of play, price-sensitive consumers could be given an opportunity to purchase additional playtime in smaller increments.

**Weaknesses**

- **Cannibalization:** Some portion of players who had been paying full retail for games might forego paying $20 for a full game and might instead defect to the pay-per-pay model, cannibalizing sales of the more lucrative $20 offer. More careful analysis of the full impact of cannibalization effects is warranted prior to fully embracing pay-per-pay.
- **Consumer Comfort:** Some players just don’t like having to pay for every minute they game. Constant reminders that minutes are ticking away can be distressing. Companies should study the way in which cellular providers provide “buckets” of minutes (and offer provisions for “over-riding”) to maximize both consumer comfort and firm profit.
- **More Complicated Purchasing:** Many pay-per-pay models have a retail counterpart (buying the currency of the game). This adds another step to the value chain, and creates further possibilities for confusion and increased customer support. Furthermore, the logistics of supporting physical distribution of point-cards to a variety of retail partners can be complex.

**Business Models**

Pay-per-pay represents the opposite of an all-you-can-eat subscription service and may be the best opportunity for monetizing consumers who can’t be monetized through traditional models.

Vladimir Cole can be reached at vladimir.cole@casualconnect.org. Jonathan Bankard can be reached at jonathan.bankard@casualconnect.org. Andy Peterson can be reached at andy.peterson@casualconnect.org.
As mentioned in Paul Heydon’s article in the Summer 2007 issue of the Casual Connect Magazine, Bigpoint GmbH has had success in the use and development of micro-payment methods—which at this point have been integrated into 26 long-running, browser-based online games. As a follow-up to Paul’s article, we have been asked to provide more detail that might give others in the industry ideas for implementing micro-payments into their own offerings. At the same time, we’ll share some things that we have found important in designing billing systems, and we’ll demonstrate the potential of micro-payments outside of the stereotypical Asian and Russian markets.

Billing Systems

While most online businesses favor traditional methods of payment (by debit or credit card), these methods reach their limit of effectiveness any time the transaction costs exceed the value of the goods sold. For purchases with minimal merchandise value—as in the sale of virtual goods—innovative alternative methods of payment, such as micro-payments, need to be developed. To maintain customer experience these transactions must be quick, direct, and as easy-to-use as cash or credit cards.

Bigpoint Case Study

Bigpoint’s approach allows players to play 26 online games in 10 languages for free with the option of purchasing virtual goods or premium game features through the sale of virtual goods inside of long-running online games, with the obvious advantage that new or promotional virtual items can be made available to customers directly and quickly with minimal noteworthy production costs. This keeps the service new and interesting for players without the need to design a new level or offer a new game. Since the games and shopping system are all browser-based, the selection of goods can be updated quickly, adjusted on the fly to align with the wishes of the users. In this straightforward way, the game experience can be customized for each customer.

This approach has many advantages, not the least of which is the simple integration of brands and promotions. For example, with minimal cost to the development team, the pirate adventure game Seafight might offer for purchase a special edition ship to coincide with the release of the movie Pirates of the Caribbean. Because of the virtual nature of such a promotion, the brand receives high-quality, immersive exposure without the high production costs (and poor ROI) which might otherwise keep the promotion from ever proceeding beyond the concept phase. From a consumer’s perspective, the experience is one-system-fits-all, as all of these virtual items can be acquired for just a little bit of money—in increments to fit any bank account. Since players have the option of spending more or less money depending on their individual budgets (as opposed to a more conventional single-purchase-price model), the system tends to support a continued willingness of the consumer to use micro-transactions.

The requirements we have found vitally important for a well functioning micro-payment system include:

- A high degree of security
- Ease-of-use
- Uncomplicated hardware and software requirements
- Anonymity
- Protection in the event of damage or loss
- Quick receipt of goods
- Minimal disruptions in service
- Protection from misuse
- Attractive transaction costs
- Reasonable costs for implementing the service

The positive purchase experiences are vital to encourage consumers to continue using micro-transactions. The requirements we have found vitally important include:

- Reasonable costs for implementing
- Attractive transaction costs
- Protection in the event of damage or loss
- Anonymity
- Uncomplicated hardware and software
- Ease-of-use
- A high degree of security
- Minimal disruptions in service
- Protection from misuse
- Quick receipt of goods
- Positive purchase experiences are vital to encourage consumers to continue using micro-transactions.
Making Money Off of Free Games
Using Micro-transactions to Monetize Free MMOs in Russia

Alisa Chumachenko

Would you pay $1 USD for this magic crystal? No? Well right now a few million players worldwide are doing just that!

In free-to-play games, players do not need to put money down before playing. After they become involved enough in the game, players will desire to perform better, to edge out the competition, and to give themselves a unique appearance to stand out from the others. Thus motivated, players will begin to make purchases of game items because of their low cost and “already paid” as in the subscription-based model. Although it is possible to “earn” most items without purchasing them, it is time-consuming—and most players will be willing to pay the minimal costs to save time. Let’s take a look at what you can sell to players in a free-to-play game:

• Game Currency is the first thing players buy in the game—because without game money they can’t purchase any in-game items. Due to the structure of the game, players will eventually need to fill their character’s pockets with game currency in order to progress.

• Power-ups and Limited-Use Items are the second most popular category of game items that players buy in the game. These are finite enhancements and items that can be used only once or a few times until they run out and must be purchased again. These include things like special potions and magic scrolls that can have devastating effects. Though they

Russia exceeded 27 million people, five-to-six million of whom play online games.1 About 10%–30% of the users who play free-to-play games two times per month or more make in-game purchases.2

In 2007, IT Territory earned over $20 million (USD) using the micro-transaction system which has been successfully implemented in all its free-to-play online games (www.dwar.ru, www.territory.ru, 3k.mail.ru, drive.mail.ru etc.).

What’s so special about free-to-play games that make players pay when they could just play for free?

Players who engage in subscription-based games have to pay before they start playing. This causes many players to feel as though they have already paid “enough” for the experience. The goal of the developers of subscription-based games is to create a level playing field so that the players feel the game is fair to everyone. If the developer were to offer in-game items for sale it would break the balance of the game allowing those who spend more to crush the normal subscribers, causing the normal subscribers to feel cheated and alienated by the inequality in game-play.

Shares of Different MMO Game Models on Russia’s Game Market

In recent years the terms “micro-transaction system” and “micro-payments” have been floating around a lot all around the world. The success of such systems on the Asian game market and the possibility of their implementation in games in Europe and North America have been widely discussed by many involved in the game industry. So what does a micro-transaction system actually mean and why has it proven to be so successful in both Russia and some Asian countries? Basically, a micro-transaction system is a business model used for free-to-play online games that allows players to purchase different in-game items at a very low price. Since the items are cheap, the payments for them are small, people aptly began to call these transactions “microtransactions.” To understand the reasons why this model has proven to be so successful we will have to take a look at what a free-to-play game really means.

How has the micro-transaction system been implemented in “free-to-play” games in Russia?

It’s obvious from their name that you pay nothing to play a free-to-play game. But if you want, you can purchase in-game currency and a great variety of extra in-game items and abilities for a very low price, thus allowing your character to progress faster in the game and/or look different from all the other characters who play for free.

Since the free-to-play game model has been very successful in Korea it is often referred to as the “Korean Model.” However, in Russia we call it the “Russian Model” because competing models, including subscription and trial-to-purchase, maintain insignificant market share in comparison to free-to-play in Russia’s online game market. In fact, approximately 93% of all Russian massively multiplayer online games use the free-to-play model. In 2007, the size of Russia’s free-to-play game market was estimated at $70 million USD and the number of Internet users in Russia exceeded 27 million people, five-to-six million of whom play online games.1

1 Entermedia Statistic Researches.2 IT Territory Statistic Researches

Making Money Off of Free Games
Using Micro-transactions to Monetize Free MMOs in Russia

Alisa Chumachenko
may only work once, players do not hesitate to buy them due to their low cost.

- Rare and Unique Items are very popular among players who are really involved in the game and want to look different from other players. These items include either one-of-a-kind or extremely rare and powerful items that can only be acquired by purchasing. As a result, acquiring such items can give paying players a major edge over their non-paying competition.

Did the practice of selling in-game items for actual currency get started in Russia?

The first Russian browser-based MMO game was developed and launched in 1999 by a group of programmers who did it for fun with no intention of gaining any profit. The game became very popular and for quite a long time it could be played absolutely for free. At one point the players suggested that the game administration should sell different items and abilities to those who were willing to buy them. Ironically, then, the idea of monetizing what was previously free came from the players themselves rather than from money-hungry entrepreneurs.

Eight years have passed since those early days and today we can say that in Russia the micro-transaction system has proven to be the most successful payment model for MMOGs, and the situation is unlikely to change in the next three-to-five years. For the next few years, free-to-play games are likely to occupy the largest share of Russia’s MMO game market.

What are the possible reasons for the success of the micro-transaction model in Russia?

It has been said that the majority of Russians don’t plan their purchases. Moreover, Russians on average don’t like to pay for anything if they are not sure that they will use it. Russians have a similar attitude towards games: They are unwilling to put down money on a game they haven’t even played yet or are not sure about. At the same time, Russians can be quite emotional and prone to making spontaneous purchases. Generally if Russians feel the desire to purchase something and the price seems reasonable they will make the purchase without hesitation. The micro-transaction system works well in many countries but thanks to the Russian mentality it has proven to be even more successful in Russia than in any other country.

Will the micro-transaction system work for multiplayer casual games?

All the transaction tendencies that have so far been discussed are true for both hardcore MMOGs and casual multiplayer games. Though currently there are not many casual multiplayer games on Russia’s market, the micro-transaction system is most likely to work well for them as it does for MMORPGs. For example the micro-transaction system has been successfully used as the main payment method in many online multiplayer casual games in Korea and China.

IT Territory was the first company on Russia’s game market to launch a browser-based multiplayer online casual game called The Bugs in 2005 (http://shuki.mail.ru/). It’s a game in which you become the coach of a team of cute little bugs. They take part in different types of races and swimming competitions and pursue unique quests. In return you have to feed them, heal them if they get injured, train them, etc. With the money you get when your bugs win competitions (or with real-life currency) you can purchase food, medical kits, clothing and other equipment for your bugs.

Is the conversion rate better in trial-to-purchase or free-to-play models?

Today the trial-to-purchase model is quite popular in the casual game markets of Europe and North America. On average out of every 100 downloads only one or two users actually purchase the game. In our experience, by contrast, up to 90% of those who play free-to-play games will make some sort of micro-transaction purchase.

Summary

- Almost all Russian free-to-play games utilize the micro-transaction system. The micro-transaction system is a method of making profit by offering in-game items at minimal prices in free-to-play games.
- People enjoy this model because it allows them to try the game for free and then to progress through it faster by making low-cost purchases of items.
- Based on its usage in MMO games, the micro-transaction model is likely to work well for casual multiplayer games in Russia.
- The conversion rate of free-to-play games is much higher than that of trial-to-purchase download games.

L last year was the best year ever for the casual games industry, and we predict this year to be even better yet. Across the board, revenue, reach, and usage went up in 2007. One of the emerging themes of the year, and a big driver of revenue growth for most companies, was in-game advertising in one form or another. The year taught us a lot about the opportunities and challenges we face as we work to integrate this model into casual games.

The concept of in-game advertising seems to attract an increasing amount of press, with the overwhelming majority of the attention focusing on console games. Microsoft said at CES in January that it has shipped 17.7 million Xbox consoles to date and signed up 10 million members of Xbox Live Arcade. That is great, but with millions of games played each day on the PC, the console market really represents only a fraction of the reach available to in-game advertisers.

Different forms of in-game advertising are now available and everyone seems to be participating in one way or another. WildTangent has a unique and seemingly scalable product with WildCoins. RealNetworks has a rapidly growing in-game streaming video ad product producing strong video-related ad metrics. (Full disclosure: I helped build it.) MSN, Pogo, and Shockwave have produced quite a few games that have advertisers’ products embedded directly in the gameplay. Additionally, Sandlot Games is experimenting with branded avatars and alternate payment methods.

So why does in-game advertising work? At Real, we have found that users play ad-enabled games much longer than 60 minutes when given the option. What’s more, advertisers are seeing a competitive ROI and game developers are sharing in the incremental revenue. This alignment of incentives and results is powerful indeed.

At scale, you start to see revenue in the range of $1.00 per download compared to...
Two Important Questions

Things Every Developer Must Know to Make Money Through Advertising

Advertisers are willing to pay 10 to 30 times the online monetizable value of a premium game to give it away free.

Alex St. John

Question Two: How Many Times Does a Person Play Your Game Before Finishing it or Moving on to Another?

Once you know what your free audience is, you then must know how many times the average person is playing your game before either getting bored with it or finishing it. Knowing this can help you arrive at a per-play cost of the game, a cost you can either pass on to the gamer or to an advertiser willing to sponsor the game on behalf of the gamer.

Continuing with the Bejeweled example, we know that on our network the average player of Bejeweled plays the game about 80 times before moving on, making the actual value of the game approximately $0.25 per play to its paying audience (based on a retail price of $20). Since the free-play audience of Bejeweled (and most other games) is about 50 times that of its paying audience. In fact, across our network of more than 450 games, we have found most games have a free audience that is 50 to 100 times that of its paying audience for an “optimal” priced game.

and the developers would make the same amount of money as they would from selling the retail version to the 2% of its audience willing to pay for it. This math is essential to understand the online games business because advertisers are willing to pay 10 to 30 times the online monetizable value of a premium game to give it away free, provided the game is packaged in a way that enables the advertiser to sponsor it on a per-session basis.

You can do this math for any game. A successful game under this model is one that has a high replay value because the more plays it gets, the lower the per-play cost and the more advertisers will be interested in paying to sponsor free play. What traditional game publishers need to understand about taking their games online is that advertising is just an alternative payment solution for game-play that happens to work extremely efficiently once the developer can correctly transform a game’s retail price into a correct CPM value for advertisers. Traditional publishers also often mistakenly believe that online distribution should be treated as an afterthought for games that have outlived their retail shelf-life. The truth is that online distribution offers a means of getting paid to market a new game—at an extremely high return and low cost of goods sold. Traditional publishers who are accustomed to the constraints of marketing in a boxed-game world where distribution costs make it impossible for games to market themselves, often waste this tremendously profitable and viral way to market new games.

The Bottom Line

The vast majority of the developers with games on our network have seen tremendous growth in the size of the checks we send them every month—simply because they now know the answers to those two important questions.

Alex St. John is the CEO and co-founder of WildTangent, a leading online game publisher and creators of the Web Driver platform. Alex can be reached at alex.st.john@casualconnect.org.
You would be hard pressed to eat breakfast in the Silicon Valley without overhearing a conversation about the latest virtual world. And there’s a good reason. Games sell. Communities sell. And venture capital follows the buzz. Bumping into Trip Hawkins, I asked him what his thoughts were on casual virtual worlds.

“The Wii is arguably the most successful casual virtual world. There is (also) a myth that you cannot make money with games on the web, and a perception that you cannot have a virtual world without 3D immersion. Club Penguin, anyone?”

What Makes a Virtual World Virtual?

A virtual world is a computer-based simulated environment intended for its users to inhabit and interact using avatars. And to illustrate the breadth of Wikipedia’s definition, Club Penguin promises “…a safe virtual world for kids to play, interact with friends and have fun letting their imaginations soar.” Meanwhile, on the other end of the continuum, Entropia Universe touts “…the range of professions available to colonists on Calypso literally allow a participant to live a completely different life than the one they live in the real world.” Demographics and themes aside, what sets these worlds apart is the degree to which the architects enable and encourage residents to part with reality, and become part of an alternative one.

The Landscape

To research this article I’ve been a monkey, a roll of toilet paper, and a one-eyed space alien. I have dressed like a girl (the game made me do it!), had a transformer-thing flirt with me, and was horrifically killed by a multi-headed monster. Luckily I was also reincarnated (hooray for that!) so that I could continue spending gPotatoes, the currency of that particular world. As points of reference, let’s look at some mature virtual worlds with large communities along with some fairly new ones with just a handful of residents. Almost all combine community, games, some form of currency, and plenty of stuff to spend it on. Let’s start with the most adult-centered one and finish up in kiddyland.

Supple—www.supple.com

Supple claims to be the only social interaction, human-scale video game whose virtual characters have enough intelligence to compete with human players. It’s a single player trial-to-purchase game that marries Sims-like game-play with a TV show. In episode one, you play Arin, a young woman at a magazine competing for a promotion against a male colleague, an interesting predicament for male players. The world includes well developed characters, funny dialogue, and situations that will make you reach for your antiperspirant (especially if you don’t like wearing women’s clothing). Supple is one of those rare video games that features realistic, sitcom-like spoken dialog which occurs in real-time between characters. The Sims of The Sims “speak” gibberish, whereas the Virts of Supple—that is, the simulated human characters in Supple—speak real English dialog.

Entropia Universe—www.entropiauniverse.com

Entropia Universe entered the Guinness World Records Book in 2004 and 2008 for the most expensive virtual world objects ever sold. Since Entropia is a downloadable client, there are no strict levels within the universe, and it is not officially categorized as an MMORPG; however, it shares elements of MMORPGs in that skills and special items are central to the experience. The Entropia online community claims to have over 665,000 registered participants from over 220 countries, with the average number of players online at any one time being around 600. I particularly liked the character builder—although it forced me to run around in a pair of dirty long underwear until I bought myself some clothes. (At least they were men’s clothes this time.)

Second Life—www.secondlife.com

Second Life was launched in 2003. It was developed by Linden Research, Inc. (Linden Labs) and came to international attention in late 2006 and early 2007. The Second Life Viewer is a downloadable client that enables residents to interact with each other through avatars. I entered the world through Ben and Jerry’s, flew around and then met up with some Residents with some very cool accessories. I soon realized that I could get another body if I wanted...
Virtual Worlds

The Next Casual Frontier

Gaia

Zwinktopia

Zwinktopia—www.zwinktopia.com

Zwink is currently advertised on social networking sites such as MySpace, along with television shows and networks which target young audiences. It is owned by IAC Search and Media and launched in June 2006. Quickly and virally, Zwinktopia allows players to create virtual versions of themselves and post them on blogs or anywhere. HTML editing is allowed. Within this world, Zwinkies can purchase dorm rooms to live in and decorate using items purchased with Zbucks or a Zcard, the Zwink debit card. Zbucks can be earned by visiting areas and playing games within Zwinktopia, and by inviting friends to create their own Zwinkies. Zbucks can also be added to Zcards using PayPal or a major credit card.

Gaia Online

Gaia Online is leading the virtual world charge by localizing games from Korea such as Puff (Fly For Fun) and Rappol for every market. The site includes free clients with stunning graphics, big, rich worlds, and plenty of stuff to entice players and keep them hooked. The single currency can be used in any of its games, including a driving game Uphill Stunt Race: where you can buy a decent car for around $42 and then soup it up with weapons and other cool stuff, as needed. All the worlds in Gaia.net use the same currency. Gaia online—a smart move as players can depend on money in one place and then enjoy many cool games.

Gaimonline—www.gaimonline.com

Gaia Online is an anime-themed forums-based website aimed at teens. Build an avatar, own and furnish a house, play games, and go to real movies with your friends. Originally named Go-Gaia, it was released to the public on February 18, 2003 by Gaia Interactive. BigBoards.com reports Gaia is the largest forum on the Internet with over a million posts made daily, over a billion posts total, and over 2.5 million unique users each month. Gaia also won the 2007 Webware 100 Award in the Community category. Users of the site, referred to as Gaians, create a customizable avatar and a customizable virtual home for which they can purchase items using what is called Gaia Gold. This virtual currency is given to users after they engage in some of the website activities, like posting on forums or playing a series of Flash games (of which there are eight). The site also rewards users everyday with random quantities of gold. In October of the 2007 Gaia released a new kind of currency (called Gaia Cash) that can be bought at Rite Aid or Target stores.

Neopets—www.neopets.com

Set in the world of Neopia, neopets.com has over 45,000 players on line at any given time and over 224 million neopets created to date. It has its own economy, with neopoints as the smallest denomination. The virtual pet website was launched by Adam Powell and Donna Williams on November 15, 1999. Six months later, they sold a majority share to a consortium of investors led by Doug Horning. On 20 June 2005, Viacom bought Neopets, Inc. for $160 million. With a simple avatar creator, 150 games such as Holy Jumanji and Hot Dog Race, and hundreds of worlds and generations of content, it’s no wonder the site is such a draw. Neopets also operates a pay-to-play Premium version for a monthly fee. Several issues with the site, such as immersive advertising, gambling-based games, and hacks and glitches have garnered criticism. Despite that, Neopets consistently ranks as one of the stickiest sites. Its main drawback as a “virtual world” is that you cannot see your character move around and interact with others in virtual space, which for some may detract from the fantasy. But who knows what’s next?

ZooKazoo—www.zookazoo.com

ZooKazoo is a website which parents and other adults around the world would like their world a better place. Unlike Club Penguin, there is an effort to make each transition a cinematic “cut” so as not to disrupt the illusion of physical space. The locations include a futuristic city, lagoon with a pirate ship, jungle, a tree house and storybook cake. Sound a little like DisneyLand? Watch out Club Penguin.

Meet The Builders

On my journey I was fortunate enough to bump into a few of the creators and custodians of these worlds who can provide some clues to where this is all headed. Joining us now are Jeff Segal from Supple, a try-and-buy episodic world, John Young from Horizon Interactive, the founders set out to create an online world for kids in which they could safely play games, have fun, and interact. As parents and Internet specialists, the owners wanted to develop a place they and other adults around the world would feel comfortable letting their own children and grandchildren visit. By the summer of 2007, Club Penguin had grown to 700,000 current paid subscribers and more than 12 million activated users.

ZoKazoo

ZoKazoo—www.zookazoo.com

ZoKazoo was announced last year that it had joined the Walt Disney Company. When it was started in March of 2005 by New Horizon Interactive, the founders set out to create an online world for kids in which they could safely play games, have fun, and interact. As parents and Internet specialists, the owners wanted to develop a place they and other adults around the world would feel comfortable letting their own children and grandchildren visit. In any case, even now, we have female fans in their 30s and 40s.

GALA-net's registered users are 15–35, and about 88% of our users are men. This does vary by genre. A friendly anime-style MMO/RPG such as Puff/skews more female and younger, while a more “realistic” game like Rappoli is more male and slightly older.

How do you compare your site with the current “casual” demographic and style of play? Supple: Well, as I mentioned, the game is really focused on a female audience, and we’ll soon see how well we span the age range. In any case, even now, we have female fans in their 30s and 40s.

GALA: You said the Casino! I dislike using that term “casual” because to some it means a demographic, while to others it means a business model, a development budget, or a time commitment. We don’t overlap much with the crowd at pogo.com, as our players will play for hours per session and commit 20+ hours per week to our games. Psychographically our players are in a different space as well. They’re looking less to pass the time and more to socialize, explore, and sometimes kill their fellow players. However, given that the games are free and digitally downloadable, it’s incredibly easy to give any of our games a try. You can participate as much or as little as you like in our virtual worlds pretty effortlessly. In terms of accessibility, the “casual” industry has a lot to teach the “core games” industry.

Rocketom: We’ve included a lot of casual games from top developers, but we aren’t targeting the traditional 35+ female demo. We’re after a younger audience, 13–25, the
Virtual Worlds
The Next Casual Frontier

type that spend a lot of time on Facebook and MySpace. That said, we’re embedding some of the very best downloadable and Flash casual games into our virtual world, so it should appeal to a broad range of ages. What do you see as the main sticky components that bring your players back for more?
GALA: It’s the sense of community, and the other players who become your friends. Our games are easy to learn but hard to master, and we strive to give a pleasing progression through the games to people who never pay a cent, as well as give appropriate benefits to people who choose to pay for various virtual items that will help them along. Balancing the two is tricky but essential if you want people to keep coming back. We’re very actively running events and contests and adding new content so that there is always something new in-game.
Zookasaurus: Friends and games—a virtual place for friends to get together and games to play while they’re there.
Rocketon: We’re creating an environment filled with social games. Each of the games we’re developing emphasizes a different way of communicating online. We have flaming games, chatting games, and trading games.
Supple: Supply is kind of a hybrid virtual world and game and to boot it’s an episodic game. So, there’s a number of things going on. First off, people get hooked by the characters, how they speak real English, as opposed to gibberish in other virtual worlds. Then they get hooked by the game. Episode 1 consists of a week in the working life of Arin Costello and her cohorts at Supple Magazine. The player’s goal is to get Arin the promotion to style editor before the week is over. We treat days as opposed to gibberish in other virtual worlds.
GALA: That was tempting but we wanted a much more open-ended player experience. So, how do you bring those both together? One way would be to think of the episode as sort of an adventure game where you have to do things in a particular order: get this key to open that door, bring this object to that person to make him do something to the other person and so on. That was tempting but we wanted a much more open-ended player experience. So, we created a collection of activities that you could do in any order and with more or less
emphasize on one than the other, but that would advance you in the episode.

What surprised you the most about what people enjoy in your world?

Supple: I think I didn’t realize how much people would just like making believe they are Arin working at a magazine. I think people really get into the simulation of being her and doing her job, flitting and fighting with Hugh, trying to impress Margot, their boss, and so on. People write to me about how much it’s like real life. Of course, not their real life, but a life they are very attracted to. Next time, we’ll record more nice dialog or rejigger the game so nasty is rewarded, too. In fact, we added a game feature in a new release we did this past summer. We call it Perk Points. It is sort of like Achievements in Xbox 360 games. There are four categories—romance, bitches, and so on. So, if you want to play the game nastily, for example, you can try to get a high Perk Point score. Sort of a consolation prize for that type of playing.

Rocketon: We’re still in “closed” Alpha mode, but we can already see how sticky the site is. People are very involved. Our Alpha users are giving us lots of feedback and ideas.

ZookaOne: They’re making up their own games, like hide-and-seek. Some get together there regularly.

GALA: I heard one Game Master ask, “Does anyone have time to do a wedding?”—meaning that one of our staff was needed to officiate an in-game wedding between two players. Personally thought it was hilarious. But you get used to things like this. We have to manage a bunch of things that hopefully players will never encounter, such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!), the growth of money supply such as billing fraud (don’t share your password!).
The arrival of a newborn into a family is a cause for celebration and makes every parent proud. The recent birth of The Interactive Skill Games Association (ISGA) in August 2007 is no exception. Many observers may question why the skill games community needs its own association and why its needs can’t be met through the existing Casual Games Association (CGA).

In October 2006, the President of the United States signed the Unlawful Internet Gambling Enforcement Act of 2006 (“UIGEA” or “the Act”) into law. The Act brought to an abrupt halt the US operations of illegal gambling sites and hit the online poker industry hard. At the same time, the Act’s ambiguous language created confusion within the interactive games community at large. The Act itself was characterized as “stealth legislation”—legislation signed into law without public debate or input. While the Act clearly stated that it was not intended to alter, limit, or extend any federal or state law, some believe the actual language of the Act might be interpreted differently. Just how far the UIGEA reaches is unclear, but further clarity may be achieved through subsequent regulations and through guidance from the US Department of Treasury and the Board of Governors of the Federal Reserve System.

In the interim, the world’s two largest skill games companies—King.com and Fun Technologies—believe this is an opportune time to give voice to an industry and establish ISGA. ISGA membership is open to all “bona fide” skill games companies operating within North America. A skill game is a contest in which player intervention is decisive in determining the outcome; or in other words, the game is won by the person who plays most skillfully. Well-known skill games include chess and trivia quizzes. They also include competitions in popular casual games like Bejeweled, Scrabble Cubes and Tetris in which players compete against each other for cash and/or prizes.

Skill games have significant social value. Skill competitions like spelling bees have long been used to teach valuable skills to both children and adults. There is also scientific support for the benefits of skill games. For example, a June, 2005 study published in the New England Journal of Medicine found a significantly lower cumulative risk of dementia for elderly persons who play skill games compared to those who do not. In another study, researchers at Case Western Reserve Medical School in Cleveland compared the leisure time activities of more than 500 people, nearly 200 of whom went on to develop Alzheimer’s. The study found that “those who had engaged in stimulating activities throughout their life—everything from reading, doing crossword puzzles, and playing bridge, chess, or board games to visiting friends, practicing a musical instrument, and bicycling—were 2 ½ times less likely to get Alzheimer’s.”

Interactive skill games are played competitively between individuals, not against the “House” or a “bank,” and so the operator has no incentive to make the games particularly hard, other than for the enjoyment of the players. Players typically participate in a community experience, competing with each other in small structured tournaments in which the winner wins the collective entry fees less a fixed fee which goes to the tournament host for hosting the game(s). Skill game operators act as impartial tournament hosts. They have no vested interest in the outcome of each competition. Interactive skill games companies are growing quickly in number and size and include companies based in the United States as well as companies owned and operated by multinational corporations. Building and maintaining skill sites involves the creation of the ISGA in the fall of 2007. It was this possible uncertainty that led to the creation of the ISGA in the fall of 2007. The ISGA’s primary objectives are to help shape the growth of the North American interactive skill games sector in compliance with federal and state law—and to promote public understanding of the sector. To date, the ISGA has been a handful of individuals and entities who provided written and/or oral testimony before the House Committee on the Judiciary at its November 14, 2007 hearing on “Establishing Consistent Enforcement Policies in the Context of Online Wagering.”

The ISGA has also established a presence in Washington, DC and is actively working with Congressional staff to ensure that any prohibitions against online games specifically exclude the types of games and interactive models offered by its member entities. In addition to its presence at the federal level, ISGA intends to monitor and, when necessary, become involved in protecting its members’ interests at the state and local levels.

One of the most important functions of ISGA will be to maintain open lines of communication with lawmakers and regulators alike. Education aimed at creating a bright line distinction between skill contests and games of chance is critical to the success of the interactive skill games community. To this end, the ISGA has been invited to present to regulators from across North America at the North American Gaming Regulators Association annual meeting to be held in the spring of 2008. Now that skill games companies in North America finally have a voice through the ISGA, the challenge will be to ensure that we get heard. As part of our ongoing effort to represent the interests of all of our members, we look forward to hearing from you, welcoming you into our association, and together raising our voice for the benefit of all.

For further information regarding ISGA membership, please visit www.onskill.org or contact Harlan Goodson directly at Harlan@bgoodsonlaw.com.

Harlan W. Goodson, President of the ISGA, is an attorney in Sacramento, California. He is the former Director of California’s Division of Gambling Control and was the inaugural recipient of the “Regulator of the Year” award granted annually by the International Masters of Gaming Law. He has had his biography listed in Who’s Who in the Law and is currently listed in Best Lawyers in America, in the practice area of Gaming Law. He is a member of the California Bar and the International Masters of Gaming Law.
Hamburg welcomes you in 2009!

The gaming location Hamburg is booming – developments in recent years confirm. International companies like Bigpoint, Intenium, Codemasters, Eidos, or king.com are based in the Hanseatic city. With its outstanding infrastructure and related industrial sectors, such as multimedia, music, film, and advertising, Gamecity Hamburg is the hot spot for the gaming industry in Germany. Currently in Hamburg, more than 1,700 people in approximately 150 companies earn their living in the value chain of the gaming industry. Companies such as Flashpoint, DTP, or Fishlabs and the Internet portals AOL and Freenet have contributed to Hamburg developing a national reputation as Gamecity.

The basic conditions in Hamburg are ideal: the city is unique among the leading German media centres in developing the project Gamecity Hamburg, an extensive package of measures to promote the gaming industry. Hamburg links the national and international gaming industry and is your host for the next Casual Connect in 2009!
Imagine your game being played by 60 million people every month....

Visit SPILL GROUP at the Kremlin, room 4. More information: visit www.spillgroup.com