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Letter from the Director

There are people—perhaps you’re one of them—who get restless about a year after buying a new car. They switch cars all the time, never completely satisfied with the one they’re driving. No matter how much they love the one in their driveway, they can’t help but look around to see what else might be out there—and once they’ve looked, it doesn’t take long for them to convince themselves that there’s something better.

Not that there’s anything wrong with that, as Jerry Seinfeld might say. But still.

We’re starting to see this phenomenon in our industry as well. Even though we started out as sort of an outlier in the gaming industry, we’re mass market now, squarely at the center of the gaming world, legitimate, respected, envied even. Suddenly it seems everyone is playing casual games (and who can blame them?). And that’s creating lots of new opportunities for all of us.

So there may be a tendency these days for some people in the industry to shop around. Perhaps you’re making good money already. Maybe you’ve even built or published some highly successful titles. But every time you turn around there is a new way to monetize your work or a new distribution channel opening wide before you, and just like that you’re wondering if perhaps there really is a better way.

Well, perhaps there is. And if you feel like trying out something new, by all means you should. But as you experiment with new ways to bring your creations to adoring fans, don’t forget this: You can be just as successful bringing awesome games to grateful customers through long-established, familiar methods. Not that there’s anything wrong with that.

Keep making great games. Do your best to reach gamers. And we’ll all be fine.

Jessica can be reached at jessica@casualconnect.org.

About the Cover:

The Ent (half-man and half-tree) on the magazine cover is a Tolkien-inspired magical creature from the second installment of Playrix’s game 4 Elements. Ents inhabit the magical kingdom where the game takes place and represent one of the four elements: the Earth. This character was created by Evgeny Shiperov, Playrix’s 2D artist, who has been with Playrix for about two years now and has worked on the studio’s most significant projects: Call of Atlantis, Fishdom H2O: Hidden Odyssey, Gardenscapes, Royal Envoy and now, 4 Elements II.

Evgeny’s main passions in life are classical animation and short art-house films (he’s the one who works on the company’s game trailers as well). Prior to joining Playrix he did what he himself defines as “all sorts of art-related things” such as book illustrating, advertising, tattooing, and Russian Orthodox icon restoration. “I absolutely love what I do at Playrix. As far as game art is concerned, I’ve always appreciated great attention to details—things that can’t be seen separately but that all together meld into the unique atmosphere and mood. And this is Playrix’s key approach to game art, which is why I love being a part of it.”
It all started in 2004, when two college students majoring in Applied Mathematics and Computer Science built their very first simple shareware game during the last month of their summer vacation. At that time, the casual gaming industry in Russia was just taking shape, with no one really knowing that in just a couple more years it would become a viable and robust market. The brothers, Dmitri and Igor Bukhman, took the plunge, founding the company which is now known as Playrix.

"Back then we sat down to think of the name for our fledgling company," says Svetlana Sablina, Art Director at Playrix. "We ramped up our creative juices and brainstormed a number of names, but nothing seemed to click. We certainly wanted the name to be strongly associated with fun and games. Then suddenly somebody suggested a name that everyone liked: "Playrix." As soon as we had the name picked, I came up with a picture of a little dragon that everyone fell in love with. He became our mascot."

Mikhail Smachev, Senior Project Manager: On Teamwork

With 14 released games, Playrix Entertainment has been, and still is, primarily a casual downloadable games publisher. The typical size of a team working on a game at Playrix is two or three game-designers, three programmers, two or three 3D artists (when necessary), four to five 2D artists and one project manager. However, because it is packed with complex graphics, 4 Elements II has six artists working on the project.

With 4 Elements II we really moved forward with our approach to project management. It has become much more team-focused now. Effective communication between the team members has proved to be one of the most important keys to the success of a title. The team working on 4 Elements II meets weekly to discuss iterations and whether we’re meeting our goals and deadlines. Senior management occasionally is present at those meetings and provides some top-level guidance. But meetings are not enough to turn a group of people into a team. Once a month the team also gathers for a more informal meeting in the lounge area of the Playrix office during which we focus on interpersonal relationships and milestones. We also plan to award the monthly “Challenge Cup” to the person who has made the best contribution to the project as determined by secret vote of the whole team.

Another very important tool for the team is what we call the Knowledge Warehouse (KW). We have two types of KW, in fact: one for the whole division of casual downloadable games and one for the particular project. Every step of the project is reflected online and is visible at any time. Besides obvious things like keeping track of the tasks accomplished, the KW has interactive forums where team members exchange ideas, news and whatever they feel like sharing that’s relevant to what they’re working on. We never limit ideas, and it’s the job of the Project Manager to sort them out. I also personally have a habit of talking to all my team members every other day in an informal way just to make sure everything is all right and maybe to share a couple of ideas on how to accomplish tasks more efficiently.

Our games are what they are because we all share one mission. Everybody at Playrix, from artists and game designers to the QA team, are true to our goal of making people happier through our games.

Top: Authors Sean Elliot, Vera Panteleeva, Mikhail Smachev, Olga Dzhumaeva, Igor Elovikov
Bottom: On Branding: We brainstormed a number of names, finally found the name “Playrix”, and developed a little dragon that everyone fell in love with.
All experience is used when working on a game at Playrix—literally everything. We never copy-paste things from the past projects, but when something is done in a great and efficient way, we’ll analyze it and use that learning in future work. In general, as we move from one project to another, we go through natural processes: some technical things become clearer, more efficient ways to accomplish tasks are figured out, and so on. Yet most of the truly important progress we’ve made has a lot to do with our rethinking our approach to team work.

Igor Elovikov, VP of Production: On Innovation

Since 2009, Playrix has been making games for social networks. The decision to pursue this direction was rather logical; social gaming is big right now, and as experienced casual games developers, we can use our knowledge working on games for social networks. And of course we want to deliver our games to the widest possible audience. That’s how Fishdom went social, for example.

However, our previous casual downloadable games experience doesn’t cover everything we need to know to create applications for social platforms. In fact, most of the things are new to us, so we have to adapt accordingly—and do it fast. For example, we definitely wanted to maintain our high graphics standards with Fishdom, but it turned out to be a challenging task. Fishdom for the social platforms is based on vector graphics, while the original game was created using raster graphics. So most of the time we were trying to bridge the gap between these two methods.

While there are 10 people on the Fishdom team (fewer than that of a typical downloadable game project), social games are just as difficult to make as a download game title. Production is faster-paced and more dynamic; you need constant improvement and analysis of what works and what doesn’t for the social networking players. You need to be flexible and understand the general trends to be on top.

In Russia, there are three major social networks: Vkontakte, Moy Mir, and Odnoklassniki, all open or about to become open for external developers to submit their content. And we are not neglecting the Russian social networking audience (which is, by the way, generally younger than that of the West). So we’ll be bringing our social games to the Russian market as well.

Sean Elliot, VP of Business Development: On Distribution

From the very start we have been a self-publishing company, building business relations within major distribution channels from the ground up. So we know from our own experience what it takes for a small developer to reach out. We started with a bizdev team of two, spending days on end shooting out e-mails.

Today, our business development and distribution department consists of seven professionals, each of whom has his own area of expertise and a certain number of partners to work with. So now it’s like a well-oiled machine more or less. What we consider to be very important is trying to maintain warm, sometimes even personal relationships with each business partner. We feel that such relationships definitely foster cooperation and makes work much more fun and exciting.

It’s not all about keeping the current distribution channels flowing. Now it’s even more about trying to reach new frontiers in search of interesting business opportunities—whether it’s taking our game brands to various platforms, reaching out to new localization markets,
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or working with social companies. The business outside of the “online-PC-distribution” box is growing by leaps and bounds—and we’ve got to stay abreast and even ahead of the changing marketplace.

**Olga Dzhumaeva, HR Director: On Growth**

Everything Playrix has achieved so far is due to the people who work here. Our games are what they are because we all share one mission. We wouldn’t want it to sound pompous, but everybody at Playrix, from artists and game designers to the QA team, are true to our goal of making people happier through our games. And we do feel that it’s crucial to create an environment that will empower people to perform at their best and give them an opportunity to grow both personally and professionally.

We get inspired by the best corporate practices and try to apply a lot of them to our daily routine. Some things work right away, some need further polishing, some things fail to meet our needs. There are certain challenges associated with being based in Russia—such as a lack of history and experience in IT business as compared to the West. On the bright side, the cost of development is lower and we do have very talented people here.

Still, it’s not easy to be a rapidly growing company. Playrix doubled in size within a year, and we keep hiring. Finding the talent we need is also pretty tough as our standards and expectations are high. The computer 2D and 3D graphics industry is still very young in Russia, and there are not enough people who have the necessary level of expertise. At some point, we started recruiting people beyond our primary base of operation, and then we bumped into another issue: People in this country are fairly reluctant to move. So we have had to figure out how to overcome these staffing challenges, and as a result, we now have employees from different cities and countries in our office—and a strong recruiting team besides.

We prioritize team building and have lots of means to keep everybody connected and involved. One of the most useful resources in this regard is our corporate intranet website, a great place for all Playrix employees—newcomers and “long-livers” alike—to share news and ideas. Everybody is aware of what others are doing and what projects other people are working on, how our games are performing, and what key decisions are being made by senior management.

The Playrix team is very results-driven, but it’s not all work and no fun (because the work we do is fun). We all gather and celebrate every small success because we realize how much work and care was put into it. ■

**Below: On Growth: There are not enough people in our local area with the necessary level of expertise, so we hire experts from all over the world. To keep everyone connected, we prioritize team-building.**
The Perfect Play
Principles Driving PAC-MAN’s Success

By Kenji Hisatsune

Kenji Hisatsune is currently the President, CEO and COO of Namco Networks America, Inc. Seventeen years ago, Mr. Hisatsune was recruited from Uniden Corporation, a manufacturer and marketer of wireless consumer electronic products, to the arcade division of Namco America, Inc. At that time, he served as the assistant to the president and later moved into the COO role to spearhead the resurgence of arcade space—starting with Ms. PAC-MAN and then moving to other arcade classic titles. In 2003, Mr. Hisatsune created a mobile business unit within Namco America in response to the growing demand for wireless games. The division quickly became one of the largest content providers in the U.S. and in 2005 spun off to become Namco Networks America, Inc. The company is now a leading publisher and developer of mobile, iPhone and PC games for mass-market casual gamers. Mr. Hisatsune holds a bachelor’s degree in business and economics from Macalester College in St. Paul, Minnesota. He can be reached at kenji.hisatsune@casualconnect.org.

If American companies hadn’t worried that the letter P would be altered on arcade machines (to form a certain explicit four-letter word), PAC-MAN would have retained his original name, PUCKMAN.

In the Beginning

Certain elements of the PAC-MAN story aren’t widely known. For instance, if American companies hadn’t worried that the letter P would be altered on arcade machines (to form a certain explicit four-letter word), PAC-MAN would have retained his original name, PUCKMAN—which evolved from the Japanese word *paku* meaning *chomp*. Additionally, PAC-MAN’s favorite snack—pellets—were originally cookies.

PAC-MAN was the first game that developed merchandise before the game was actually released. Though Iwatani-san would sew stuffed toys and apply iron-on transfers to t-shirts during the planning phase for PAC-MAN in anticipation of a merchandise line, it wasn’t until PAC-MAN became a huge hit in the U.S. that merchandise based on the game was released.

This year marks PAC-MAN’s 30th birthday, and he still remains one of the most widely known game characters.

It was in 1979 that Toru Iwatani gazed down at his partially-eaten pizza pie and saw PAC-MAN—igniting what turned into a video game revolution. When the game was released on May 22, 1980, men heavily outnumbered women in video game arcades. This isn’t surprising considering early arcade games were designed to be combative or aggressive, with players shooting at alien enemies or racing cars against the clock and competitors. However, we knew that there wouldn’t be a long-term future in arcades—and with games in general—unless the industry also attracted a female customer base and established gaming as family entertainment.

With that in mind, we developed PAC-MAN as a “cute” game for men, women and couples—one in which enemy characters were as colorful and endearing as the protagonist. Initially referred to as monsters in the original arcade cabinet (and now known as ghosts), Pinky, Blinky, Inky and Clyde were intentionally developed with separate personalities so that the game would never get boring. In hindsight, this was a smart decision, inasmuch as PAC-MAN has become one of the most widely-recognized and well-liked gaming characters of all time among all demographics.

In the Beginning

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If American companies hadn’t worried that the letter P would be altered on arcade machines (to form a certain explicit four-letter word), PAC-MAN would have retained his original name, PUCKMAN.
Before P.A.C-M.A.N’s formal release in Tokyo in 1980, the game animation was played on the façade of the Shinjuku Alta building, which at the time had massive screens mounted above the front entrance, screens which still exist today. As crowds formed, people were immediately enamored with this previously unknown character with his bold colors and maze-like environment. This experiment led us to believe that there would be sufficient interest to draw players to arcades. That October, the game was released in the U.S. In the 15-month period that followed the U.S. release, more than 100,000 units were sold and fans spent more than one billion dollars in quarters, sparking a pop-culture trend that would later become known as “P.A.C-M.A.N Fever.”

In 1982, the P.A.C-M.A.N franchise would climb to new heights with the release of M.S. P.A.C-M.A.N. Later, the P.A.C-M.A.N cartoon series debuted in the U.S. and the Buckner & Garcia disco hit “P.A.C-M.A.N Fever” skyrocketed up the Billboard HOT 100 charts (eventually reaching as high as ninth). During this time, P.A.C-M.A.N gained another nickname—“the 80’s Mickey Mouse.” In 2005, The Guinness Book of World Records listed P.A.C-M.A.N as the most successful coin operated game in history.¹

Most Recognizable Character

Today, P.A.C-M.A.N is ubiquitous, having been featured in more than 30 spin-offs and inspiring numerous clones and tribute games. He was also recently named the most recognizable game character in America,² beating out Mario Brothers and Sonic the Hedgehog in The Guinness Book of World Records. As we introduced the character to new genres—like sports and racing—and expanded to new platforms, we became even more committed to the basic principles that have guided the franchise for the past three decades—combining an intuitive game mechanic with addictive gameplay and a light-hearted theme. In fact, P.A.C-M.A.N has been a launch partner with many of the new platforms that have come out over the years, including Sprint’s first java phone, the iPod Click Wheel, iPhone, iPod touch, the Android and the Samsung Bada, to name a few. P.A.C-M.A.N represents the origin of casual games, and the lessons are as applicable and relevant today as they have ever been.

Be Unafraid to Take Risks

With the invention of new platforms and devices that support a rich gaming experience, we now have the opportunity to reach a larger audience than ever before. The opportunity is great; however, to reach this audience, which operates and communicates globally, we must think and create experiences that are appropriate for an always connected and increasingly mobile world. If P.A.C-M.A.N has taught us anything, it is that we must be unafraid to take risks, and we should strive to create inclusive games that bring the world closer together. With luck, we will find a power pellet or two to help us along the way. Waka-Waka!²


If P.A.C-M.A.N has taught us anything, it is that we must be unafraid to take risks.
There is a lot of excitement about social games in the casual gaming community, and for a good reason. Social games are quick to build, often fun to play, growing rapidly, and generating real revenue. Many casual game producers and designers are making the transition from the casual download world into the social gaming space and expecting it to be straightforward. After all, there are a lot of commonalities. The audience is online, mass market, unstintingly casual, and often very pink. They love short play sessions and easy, steady success. Themes like restaurants and farms resonate in both places.

But the transition is often much more challenging than expected. The category itself is emergent and rapidly changing, and much of the design and production process is very counterintuitive for people who have been working in packaged goods (or casual downloadable games). This is the first in a series of articles that will walk you through some of the most interesting and important lessons I’ve learned in my two-plus years in social gaming.

**Designing To Reduce Churn**

Unlike traditional game design, almost all elements of social game design should be done with a business objective in mind. In most categories in the game industry, once you’ve understood your audience’s psychographics and made sure you comply with a few core market requirements (like driving your player past the 60-minute trial barrier), you can put all of your focus on making a fun game.

In social games, this just isn’t the case. Your game needs to drive a variety of key user behaviors that are important for the health of your business. Driving these behaviors requires very carefully thought-out design, high levels of platform integration, and massive iteration to get right. Three of the most critical metrics that any social gaming business needs to watch are churn, growth, and reactivation. Of course, revenue is an important goal as well, but it’s important to realize that positive developments in churn, growth, and reactivation will result in “compound interest”—growing your user base while ensuring that each player helps you acquire more users.

As the game designer of a social game, your first and most comfortable job will be reducing churn. This is the part of the work that looks the most like traditional game design. Of course, one of the key ways of keeping users coming back is to build a fun game. If your game isn't pleasurable to play, it will be very, very challenging to get users to come back to it. And fun is no easier to build in a social game than in a casual downloadable—harder, perhaps, because your game needs to fit in a much smaller package, reducing the emphasis on production value.

There are a number of well-established techniques that have emerged to get users to return to your game on a regular basis, turning them from samplers into players, and eventually (you hope) into payers. Among the most important of these design tenets are:

- Using timed re-engagement
- Limiting game-play
- Letting things decay

**Using Timed Re-Engagement**

One of the most popular techniques that a variety of social games employ to bring users back regularly is known as “appointment gaming” or “harvesting.” This mechanic was first seen in a number of farm-themed games, including Slashkey’s Farm Town, the game that started the farming...
Sorority Life

This concept has been proven in RPG’s like Playdom’s Sorority Life game. Limiting game-play—one of the oldest methods of driving re-engagement with social games is limiting the amount of time the user can spend playing in a given session. This convention has been popular in RPG’s like Playdom’s Sorority Life game. This mechanic gives the players a certain amount of “energy” and other similar resources that they can expend each day. Each action that the player takes in the game expends a certain amount of resources, which slowly replenish over time. When players run out of energy, they have no choice but to stop playing for the day or to spend money to refill their energy. Then when they come back some time (say 12 or 24 hours) later, they will have another full load of energy to expend.

In many ways, this is like the downloadable game designer’s familiar trick of making sure that the 60-minute trial is a strong enough experience to get the player excited about the game but not quite enough to thoroughly satisfy the user’s desire to play. Of course, in a typical downloadable game the designer only needs to pull this trick off once—making sure that there is clear bait for additional value out past the 60-minute mark. Social game designers need to ensure that their games are balanced to deliver on this goal continually. Every day, users should play the game enough to remind themselves of what they enjoy but not enough for the game to feel tired or tedious. They should finish their daily session with a highly appealing goal in sight but not in reach.

Energy serves a couple of other interesting purposes. First, because it limits core game-play (which is what the user most desires), allowing players to send each other energy (or ask their friends for energy) can be a highly viral activity. Also, when players run out of the energy they need for their core game-play, they may be nudged into other aspects of your game that are more viral or social, such as fighting other players.

Letting Things Decay

The design strategy of letting things decay is a variant on the Timed Re-Engagement mechanic, with a couple of key differences. First of all, it is typically the game rather than the user that chooses the time period when the user will next need to come back. Second, the user’s main motivation is generally not to claim a reward when a crop matures, but rather to revive a system that has sunk into chaos. Third, if the user waits too long to return to the game, instead of finding that something has actually died, they will typically see something they care about looking or feeling really haggard on their return.

This mechanic originated in pet games—even as far back as Tamagochi, in which the user must typically feed, groom, and otherwise care for a pet in order to make it look happy and playful and able to engage in a full range of activities. The game itself determined at what speed the pets’ levels of health and happiness would deteriorate. Users who came back in time would find their pets happy, healthy, and ready for action. Players who stayed away too long would find not only that their friends had passed them on the leader board, but also that their pets were sad, smelly and hungry, playing hard to their sense of guilt.

For this technique to work at all, it’s very important that the neglected entity resonate very strongly with the player’s emotions. There must be a strong emotional reaction to seeing the avatar/homunculus/possession in distress. This is one of the reasons that this mechanic has been applied most often to pets or other animals, like the pets in Playfish’s Pet Society. We have seen some applications used in various games to represent the state of a player’s business, but this is a less common and less emotional application of this technique.

Next Installment

In our next installment, we’ll take a look at design elements that help make games socially relevant—the things that you can do to make players feel like they’re playing with their friends (even when they’re not) and building their relationships by playing your game.

Letting Things Decay: It is very important that the neglected entity, such as the Pet Demon from Pet Society below, resonate strongly with the player’s emotions. Have you fed your pet today?
When we sat down to determine which of the titles in Muskedunder’s catalog we would use for our Facebook debut, we chose *Icy Tower*, an indie title originally released in 2001 that had generated over 20 million downloads. We chose *Icy Tower* because the title already had a large fan base online with a strong following in several countries including Eastern Europe, Israel, and the United States. What’s more, we judged that the game mechanics could be adapted to a social context. Besides, the Facebook fan page for the downloadable game already had 250,000 fans, so we figured it was time to get to work and take advantage of the existing fan base.

Deciding to take *Icy Tower* to Facebook turned out to be kind of a no-brainer. But in doing so, we learned some valuable lessons . . .

**Lesson #1: A small team and a tight development schedule can achieve fantastic results.**

To build our new version of *Icy Tower*, we assembled a small dedicated team that consisted of a programmer, a graphics artist, and a business person. The team started development in June 2009 with the target of completing all intended features by March 2010. From there, the development would go into maintenance mode, and we planned to polish the implemented features over time in tune with user reactions.

By September 2009, we released an open beta version. Thereafter, we required five additional months to complete a release version. In order to keep production lean, we outsourced music and sound effects and contracted server and back-end consultants as necessary.

**Lesson #2: It is important and worth the extra effort to prepare for fast growth from day one.**

With our already huge following and Muskedunder Interactive’s expertise in developing viral games, we figured it wouldn’t be necessary to buy traffic—and we were right. We started by notifying the members of the *Icy Tower* fan page when the game was released, and we generated additional traffic through cross-promotion via the download version of the game. Hardcore fans who had played the downloadable version for years also rallied to add links and information to fan sites and forums. However, it turned out that the most important growth channel—without a doubt—was the game features that used Facebook’s API to connect new users to the game. Those features allowed users to post notices to their own walls whenever they made new high scores, for example, or to post challenges on the walls of their friends. In addition, we let one friend know when the other had posted a higher score. And when we started giving users in-game trophies for having friends

*Taking *Icy Tower* to Facebook*

*Lessons Learned*

By Magnus Alm and Johan Peitz

Magnus Alm is an entrepreneur at heart. He is co-founder and CEO of Muskedunder Interactive, a flash game developer focusing on advergames, casual games and social games. Advergame clients include McDonald’s, Pepsi, Paramount and Disney. Muskedunder also owns and operates the casual games portal freelunchdesign.com, which reached over a million visitors during June 2009. Magnus can be reached at magnus.alm@muskedunder.com.

Johan Peitz is Director of Social Games at Muskedunder Interactive. With a background in computer science and engineering, Johan has been involved in digital games for more than a decade. In 1998, Johan founded the game studio Free Lunch Design, releasing more than a dozen very popular casual games, including *Icy Tower*. Over the years Johan has also researched game design and taught simulation engines at university level. Currently, Johan acts as Technical Director at Muskedunder Interactive, which he also co-owns. Johan can be reached at johan.peitz@muskedunder.com.
who also played the game, we saw an increase in the use of the invite function. Essentially, all Facebook functionality that let the users share their game experiences with others helped spur our growth—to the point where we currently have 1.5 million active users per month without having spent a single penny on marketing.

That dramatic success also proved to be somewhat of a problem. The growth curve was simply too steep for the servers to handle. As a result, the server functionality had to be moved to stronger and faster servers every two months. These periods of low server performance really hindered our growth. Each time we reached a plateau we would have to shift to a new solution that could accommodate more users, resulting in a growth curve that failed to recover fully each time—it was always slightly less steep than before. We’re confident that had we been more proactive in expanding server capacity to accommodate growth, we would have many more active users today. Currently, the game is hosted on a cloud service, which so far has worked very well.

Lesson #3: Developing social games is still a new discipline, and there is much trial and error involved. Fortunately, users are fairly tolerant of errors.

When we decided to take an existing game to Facebook, we knew we would undoubtedly have to make changes to the game’s structure—and that in doing so we would run the risk of dividing our existing fan base into two camps: one group preferring the new version and another, more conservative group wanting everything to stay the same. We tried to minimize the impact of the changes by keeping the main mechanics intact, but even so we knew that Facebook users would expect the interface and interactivity of a typical social game. Ultimately, we attempted to turn those expectations to our advantage as we tried to entice fans of the Facebook version of the game to download the classic version of the game and try it out as well.

No matter how hard we worked to keep people happy, however, we anticipated that customer support would become a large part of the work involved in maintaining a social game. To minimize the burden of customer support, we developed a simple support-handling tool that enabled us to respond to the most common problems using a few pre-selected answers. Only the more difficult questions got passed up the line. So, although the support requests and feedback have indeed sometimes been intense, we have been pleased to discover that the customer support effort is not as time-consuming as anticipated.

Lesson #4: A social game needs endless revenue sources.

We considered a wide variety of monetization options when we converted Icy Tower for Facebook. One simple method might have been to deploy the Facebook game as a marketing tool to generate more sales for a downloadable game—but of course we didn’t have that option with Icy Tower since it had always been free. (If you are looking to increase exposure for your paid download game, releasing a Facebook version will probably help drive downloads. We saw an increase of 25 percent in download figures following the release on Facebook.)

What we could do, however, was use banner ads from Google to generate revenue—which has proved fairly successful. The game also featured interstitial ads that ran between game sessions (for

Left: The menu of Icy Tower Facebook has the player’s character as the main focus. It frequently tells users to try out new clothes and levels. The top list shows friends’ results, but can also show global scores.

Left: The simple but elegant experience of jumping in a vertically scrolling tower has had huge success with the audience of Icy Tower. Notice that the screen is very clean: no power ups, enemies or distracting objects.

Left: In Icy Tower Facebook we’ve added the users’ friends, as presented by their characters, inside the tower. Their characters are placed on the best floor that they’ve reached, creating an informal top list inside the game. There are also additional coins inside the tower, so the users can add little by little to their wallets.

Lesson #4: A social game needs endless revenue sources.

left: The menu of old Icy Tower, a simple screen which emphasizes the user to play. The graphic banner that asks the user to “press F5” was a way to drive traffic to the Facebook version of the game.
non-paying users). But even though we partnered with the largest ad provider for Flash games, the revenue was so low that it didn’t make any sense to continue with external interstitial ads. Instead, we inserted ads for in-game items, promoting character clothes and new levels to generate an increase in revenue from micro-transactions.

Generating revenue from micro-transactions is not easy. To make it work, it is important to seriously think about what the game is about and how micro-transactions can improve the experience. In the case of *Icy Tower*, we decided to allow users to dress up their characters, but in retrospect it probably would have been better to focus on game-play modifiers instead due to the game’s focus on skills and hand-eye-coordination. Apart from buying clothing, users can also spend their in-game currency on additional levels, something that generates more revenue than clothing items.

**Lesson #5: Users expect the game to grow. A proper plan for future content and feature releases is essential to make the game look and feel alive.**

Once you have developed and released a social game, the work has really just begun. You’ll need to release new features and content regularly. It is important to measure what the users actually buy or interact with rather than react to what they say. This is your best way to increase revenue and retention because it will enable you to attract returning users who are looking for new updates, users who’ll be more inclined to spend money on the new content you provide them.

Along the way, you may find that you attract a different user segment than you originally anticipated. Of course, you’ll want to satisfy all of your users, wherever they come from, but make sure you stay focused on those who generate the most revenue. Measure who is buying and where they are coming from so you can tailor your releases to fit their demands.

In addition, we think that any way you can relate your game to what’s happening at the moment in the real world is a good thing. For instance, our holiday-themed releases have worked out very well. Likewise, staying up to date, fresh and contemporary is important.

All Facebook functionality that let the users share their game experiences with others helped spur our growth—to the point where we currently have 1.5 million active users per month without having spent a single penny on marketing.

**Ad revenue was so low that we instead inserted ads for in-game items promoting character clothes for players to use in the *Icy Tower* character wardrobe.**

**These submissions came in response to a costume contest. Notice how they very accurately follow the style guide of the characters.**

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**Left: Icy Tower Development Team**

**Below: Our growth was too steep for our servers to handle.**

**Monthly Active Users**

- Nov: 600,000
- Dec: 1,000,000
- Jan: 1,400,000
- Feb: 1,600,000
- Mar: 1,700,000
access to 4,5 mio. users
MMOs, Skill & Casual Games
available in 15 different languages
Turnkey integration
years of experience in gaming operations

Leading European Gaming Platform

fair deals for developers
fast & easy deal-making & integration
optional: payments, localization & CRM support

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Developing a game comes with many challenges; one of the most significant is cost management. QA is often overlooked as a place to control costs but, in fact, there are several tactics you can use to generate cost savings through your QA solution.

It is all too tempting to approach QA as an afterthought, and the result often can be disastrous. An undeniable truth of this industry is that all games, no matter how carefully they have been designed and developed, will have bugs. In order to release a high-quality product, you should allow sufficient time to fix bugs and tweak game-play—and then have the game tested again until the game is truly in a final state. How you approach QA testing can determine the difference between accomplishing the target release goals successfully, completing the project with cost overruns, or—in worst case scenarios—canceling the project altogether.

How you approach QA testing can determine the difference between accomplishing the target release goals successfully, completing the project with cost overruns, or canceling the project altogether.

Superior Design
Every game project is limited to a finite budget and set schedule (or should be, anyway). There are a few proactive approaches a team can take advantage of during the development process that will drastically reduce the chance of cost overruns during QA testing, and will help to mitigate the risks of late-cycle development.

• Understanding the Platform Requirements
Many platforms (such as the Wii, DS, Xbox, and PlayStation) have a verification process consisting of a series of technical and functional requirements that must be achieved in order for the game to be released to the market. It is important for the developer to fully understand the platform requirements during the design stages lest the verification process reveal that core or critical aspects of the game have to be completely reworked. If the game has a unique design that brings even platform standards into question, it is wise to contact the platform team directly and receive a written design exemption.

• Removing Underutilized Features
This is one of the most cost-efficient decisions a company can make in game design. Not only is initial development time reduced, but from a test perspective, removing features can reduce overall testing time by limiting the number of scenarios that must be tested. The testing becomes better focused when the scope of the project is restricted, and the overall testing time is reduced and redirected to focus on the actual function of used features.

• Providing Extra Resources for Testing
There are several straightforward ways to enable testers to cover a large range of testing in minimal time, including game design documents, progressed game-play save data, cheat-enabled builds, and builds with enabled debug functions. Providing shortcuts will help reduce some of the redundancies in testing and save time for the test team by allowing them to streamline some of the testing processes. And the more streamlined your processes, the better able you are to broaden the scope of your testing—which is especially important in the early stages. It should be noted, however, that this type of testing does not replace actual release-build-testing, inasmuch as there is significant risk that some issues may occur in one build type but not the other.

Time is Money
There is no way around it: QA testing is time-consuming, especially when you allow the time to test all possible scenarios within a game, to write accurate, informative bug descriptions, to have those bugs addressed, and then to re-test the game. Often, there just isn’t time to do all of that properly. A game that has thousands upon thousands of test scenarios is often limited to boundary or

By Scott Griffiths
Scott Griffiths is the Quality Assurance Test Manager at VMC Consulting. His nearly decade-long experience in QA testing and interactions on several hundred QA projects has provided him with valuable insight into the best practices of QA solutions. Scott has worked on various platform hardware teams and certification teams, both within small developing studios and within large developing and publishing entities. He has worked on both sides of QA, as a client and as a service provider, and is credited in more than 100 casual games and more than 25 full-size retail titles. Scott can be reached at scottgri@vmc.com.
QA Cost Containment Strategies

Maximizing ROI from QA Activities

Design & Production

benchmark testing. While these games can have nearly infinite test iterations, due to budget and time constraints, testing solutions generally target the areas that are the most critical and then, as time allows, the testing begins to shift focus to other iterations. If the testing of the critical areas goes smoothly, then the test teams are able to dive deeper into the game, looking for issues that otherwise might not crop up until late in development.

Given how valuable QA time can be, it’s a travesty to waste it. There are two common scheduling-related areas in which developers often waste time. Avoiding these mistakes can actually deliver considerable time and cost savings.

The first waste of time occurs when a test team is engaged too early, before the development team is prepared to deliver the specified builds. In such circumstances, a testing team ends up using project hours while sitting idly by or looking for things to fill their time while waiting for a build delivery.

The second common time-waster is when builds are submitted for QA testing with issues marked as “Fixed” even though those fixes have not been verified by the developers. When changes are made to the build, they should be tested before they’re resubmitted to QA in order to ensure that the changes actually took effect and were implemented without causing significant problems elsewhere.

Common Pitfalls and Strategies to Avoid Them

Here are some other pitfalls that you should avoid if at all possible:

• **An Accelerated Test Schedule**
  While a hurried schedule is sometimes unavoidable, it does come with inherent risks that are also largely unavoidable without raising the cost substantially. A common issue associated with an accelerated test schedule occurs when a game is submitted to testing without sections of the game implemented or with sections known to be functioning undesirably. This typically forces the test team to segment the testing across multiple game builds, resulting in two undesirable consequences: the efficiency of the testing is reduced and the quality of the testing is diminished. Later, when issues crop up in previously tested areas, no one should be particularly surprised.

• **Fixing All Bugs in the Final Stage of Development**
  During the final phase of development, when each build is a potential final version, not all issues reported by the QA should be fixed. It is important to consider the potentially unknown impact of the changes on the game, the costs associated with having to develop fixes, and additionally the costs of having it tested again. Some changes may seem easy to implement from a development perspective, but the repercussions to the scope of testing could cause sections of the game to remain untested at the end of the test cycle—creating a giant risk from a test verification perspective. Keep in mind that online updating makes it possible to address some issues after the initial release, when timelines become more flexible.

• **Submitting Unverified Builds to Platform Certification**
  Bugs that are introduced late in the development cycle can be especially problematic from a cost perspective—especially if sufficient testing isn’t performed and they are discovered during the platform certification process. This risk can be minimized by planning to have one solid build complete the QA testing process without any critical issues reported before submitting that build for platform-specific requirements verification.

• **Poor Communication**
  When a test team has no communication with the developers, when critical questions go unanswered and there is a lack of general information, the chance the teams will successfully collaborate for a cost-effective solution is low. Alerting the QA team when an issue is addressed and informing them of how it was changed within the game build can greatly increase the team’s ability to discover any deeply seeded issues around the fixed item. Furthermore, good QA teams should be flexible enough to work in tandem with developers and adapt their testing deliveries as they become aware of changes that might affect the scope of the project.

Path to Success

In order to limit unforeseen QA costs and additional development expenses:

1. **Engage your QA team early and often, and communicate the clear project needs at the project onset.**
2. **Work with QA to determine the testing process schedule and to ensure that there is adequate time for testing, fixing issues, and re-testing.**
3. **Communicate any changes in the project scope or schedule to the QA team so that they can adapt their strategies to keep the project on time and on budget.**
4. **Be aware of the expectations that are placed on the test team, and don’t lose sight of the impact any changes to the game or schedule could have on the original scope of the testing.**
5. **Work closely with the test team to triage issues late in the development cycle, determining together which issues need to be fixed and which can be addressed later.**

Ultimately, developers and testers are all on the same team. Everyone’s objective is to release high-quality and entertaining games to the gaming market on a timely schedule. It is wise to view QA testing as an equal stakeholder whose success and reputation is reflected by the end results that are achieved by all invested parties. By providing the QA team with as much comprehensive information as possible, and by giving due diligence to the practices mentioned above, the quality of your testing will improve—and your costs will go down.

During the final phase of development, when each build is a potential final version, not all issues reported by the QA should be fixed.
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Social gaming has exploded in recent years, and the challenges associated with adding sound to these fun and addicting gems are unique. To gain a clear perspective on this, I spoke with representatives of the top social game developers: Zynga and Playdom.

Todd Arnold is the General Manager at Zynga. His background includes entertainment and edutainment software. Dave Rohrl is the Creative Director at Playdom. His background includes edutainment software as well as casual games. Justin Gibbs is a Project Lead at Playdom. He recently came to social games from a traditional Web production background where sound and music were minimal.

Some successful social games have no audio at all. Why add sound?

Todd: Even though Mafia Wars had no sound, there is a belief that production values as well as the quality of play experience will go up. Flash provides that opportunity and I believe it will lead to broader adoption.

Dave: The Web in general is silent, and some games feel like webpages—so those don’t need audio. Once they hit Flash there are audience expectations that come into play, and we need audio due to those expectations. Strong audio can really help the game be strong and stick out in players’ minds.

Justin: It’s the evolution of a medium. It’s a daily experience which players come back to for 15 minutes every day, and part of the experience is that song. Music enhances the game a lot.

There is always the possibility players will play while at work. Are social games intentionally designed to be playable with sound turned off?

Todd: I think so. People definitely play at work, and we have controls right there on screen for independent control of music and sound. If we didn’t we’d lose users. It’s not that they are designed to be played without sound; it’s just that since audio is the last part of the development process, the games are not dependent on it.

Dave: Although audio brings a level of richness and impact to game experiences, I think almost all games should be fully playable with the sound turned off. The main exception to this is games in which listening to music, rhythms, or other audio cues is a critical driver of game-play. This is especially true for casual and social games that people may be playing at work, but I have also spent many evenings playing muted console games after my kids were asleep.

Justin: We currently develop with no sound. It’s the same with movies—in theory you should be able to watch a movie with no sound and still understand the plot. We can’t expect a bell to signal a player to go back, so we have to provide an easy way to turn sound on and off without it being front and center.

Art and animation are typically used to establish the visceral feel of a game, and then audio adds a layer of impact and immersion on top of that. In other words, audio typically reflects rather than directs the feel of the game.

What are the important performance/delivery parameters for end users, and how does audio impact that?

Todd: Initial load time needs to be as fast as possible. Every moment spent waiting for a game to load is an opportunity for a player to go to another page. We measure the number of people who start a download and who finish a download, and some percentage don’t finish. There are no hard and fast rules, but some games that take minutes to load are the least successful games.

Dave: In general, on the Web faster is better. People don’t like to wait. There is a delicate balancing act that teams go through in order to figure out how much added engagement value will enhance vs.
ward off abandonment. In 2002, a downloadable game's target size was 5MB—now its 100MB or less due to the increase in average internet speed.

Justin: The biggest challenge right now with audio is size, so smaller is definitely better.

Why is audio so often added at the end of the development cycle?

Todd: Many of the product managers who define what we make come from Web production backgrounds, where more often than not, audio is not a component. There is not a lot of emphasis on audio; rather, the focus is on creating an easy to use experience and getting through a flow of actions. I come from an entertainment background, so that is what I bring to the company. With these producers it's more about a webpage than entertainment, so that certainly has an impact on audio. There is also the fact that we develop over time. We release it before it is 100 percent, test it, improve it, make changes, then decide if a feature is worth it. There is always a belief that we can improve it later. Knowing that you're always going to improve has an impact on audio. Production value has a long-term arc with upgrading over time. Zynga has not released a Flash game without audio. It's always surprising to me when that happens.

Dave: Art and animation are typically used to establish the visceral feel of a game, and then audio adds a layer of impact and immersion on top of that. In other words, audio typically reflects rather than directs the feel of the game. Additionally, it's usually easier for sound designers to sync up sound effects with animations than it is for animators to go the other way.

Justin: We launch quickly using an agile process in which we break it down into smaller chunks and deliver workable code—so we have to narrow it down to the essentials of what is critical. Audio almost never makes that list. We release "when it is still slightly embarrassing" so we can get test data and then work on giving them what they want. So the customer guides development. I bet Hollywood would love to be able to release their storyboards before spending millions of dollars on the movie.

What role does theme music play in the success of a game overall?

Todd: Wow, tough question! I think the theme song played very little role [in the success of FarmVille]—which I hate to say because it could loop over and over and not start grating on you. Before the game was a hit, I saw YouTube videos of people playing the music on their guitars, but I think what drives the success most is the repeat activity and the stuff you can buy, and whether there are compelling reasons to invite friends to play. Audio has more of an opportunity to limit growth rather than drive growth. If there had been significant dislike, it could have driven people away. I guess you could say that if you pick the wrong song it might be worse than none at all.

Dave: If done well, game music gives the player an immediate and visceral grounding in the overall feel of a game. Responsive or environmental audio can also go a long way toward giving the player a clear sense of how the game experience is developing and what they need to pay attention to. If well done, a good set of game music can be a huge value-add for a game.

Justin: We are creating an entire experience and it's part of that. We have to step back and say "we're building entertainment here." I think the more successful social games will have theme songs and they will become more important. You know, we test our players and watch them do this, this, and then this, and then we find out they did "that" because they wanted to hear the sound that played! What we imagine is usually different than what happens in the wild.
Brainwaves enhance the overall gaming experience with a decidedly visceral accent. When combined with traditional game-play controls, brainwave data creates a most complete player experience. Casual game developers incorporating brainwaves into their designs are not only advancing entertainment applications but also creating education and healing benefits.

Brain-Computer Interface Technology (BCI)

Brainwave patterns of varying frequencies combine to form electrical signals detectable on the scalp; output is known as electroencephalogram, or EEG. Brain-computer interface technology, or BCI, senses brainwaves and processes them to power the user-interfaces of computers, mobile devices and video games. NeuroSky has called upon a trove of academic research to pioneer technology for broad use in consumer products, educational electronics and mass-market medical devices. Technologies from NeuroSky are instrumental in the effort to maintain, heal and entertain this most vital of human organs.

The last century of neuroscience research greatly increased our medical understanding of the brain and the subtle but dynamic energy it emits. Long a focus of human interest, neurological research in the early 1900s shed much light on our gray matter in determining that our brains’ cells, called neurons, exert small amounts of electrical activity when activated. Brainwave sensors eventually evolved from a single metal contact to an elaborate system of up to 256 sensors used today. Modern medical EEG tools use advanced materials, woven into a cap that envelops a patient’s entire head, bonding the electrical contacts using a thick medical paste. In order to be effective, medical EEG requires patients to lie flat, in dark rooms where all light and other interference are removed. Later research discovered that electrical activity correlates with different emotional moods, such as anger, and mental states, such as sleep.

Brainwaves are analog signals. After sensing the electrical signal, a series of filters eliminate clutter such as environmental electricity from appliances, computers, etc. Muscle movement and other noise is also removed. Signal processors convert analog to digital, creating the interface for computers. The digital signal can be ingested in a “raw” state, broken into defined ranges such as alpha, beta, delta, etc., or it can be obtained through proprietary algorithms.

Bringing BCI to Gaming

For the first time, BCI is inexpensive enough to offer mass-market appeal to the gaming market. Unlike traditional medical hardware, gaming NeuroSky BCI is easy to use, non-invasive, mobile—and it is dramatically less costly besides. The NeuroSky Mindset is a state-of-the-art BCI + multimedia headset. For $199, it offers a single, dry sensor (which rests on the forehead), Bluetooth audio and voice.

It’s important to note that BCI centers on brainwaves, not thoughts. Moreover, brain-enhanced gaming does not replace the wonderful advances in existing game controls; it makes them better. The notably difficult-to-use Power Glove shows what happens when technology is shoehorned into gaming. In contrast, BCI adds a layer of depth with both voluntary mechanisms to directly influence game command and involuntary mechanisms to change a variety of game-play and landscape elements.

Today, NeuroSky has game control algorithms using both brain (EEG) and muscle (EMG). These include the degree to which the user pays “attention,” how the player finds a state of “relaxation,” and even how a player “blinks.” Comparison algorithms can combine the above across multiple players to determine the level of similarity between their brainwave data. More control algorithms are under development both internally and with partners.
Examples of Game-play Enhanced by BCI

Video game developers will be able to implement BCI technology in ways that will usher in a new level of gaming. Through USB and wireless RF such as Bluetooth, an existing video game can be modified using BCI or created from the ground up. In the same fashion that traditional controllers’ input is used to command game-play, so can BCI signals be used to enhance player experience.

There are myriad examples of how BCI can make a game better. Visualize the perspective of a first-person shooter, storming the beaches of Normandy. Sprint from one bunker to another and—true to life, anxiety level is high, vision blurred. In order to eliminate the enemy, controlling the mind and relaxing the body are requisites. In achieving this control, the game will reward such behavior in a natural and seamless way by clarifying vision, steadying the rifle crosshairs and narrowing the scope’s focal point on the enemy. To add another dimension, prolonged relaxation at key junctures can heal injuries.

In casual games, relaxation or meditation can be used to levitate objects. Concentrated attention on a specific object can explode or throw it. The sensation of casting spells and having magical powers can be achieved. BCI data can be used to modify the probability of outcomes or influence otherwise random acts of a game. For example, in the sporting arena, attention can enhance the odds of scoring a basket or a field goal. Brainwave data can also be used to modify the landscape of the game itself. The path a spaceship flies through an asteroid field can be driven by the natural pulse of alpha, beta or delta brainwaves.

One of the more exciting possibilities is the ability to sense a player’s mental state and change the game accordingly. This is a marked improvement over points-driven or random game-play. When a player is losing interest, a new character can enter, a new level attained or a bonus opportunity can be introduced. Likewise, developers might insert a . . . sudden . . . off-screen . . . SCARE when the player is becoming too comfortable—which is to say, when the player least expects it. For new gamers, the game can be simplified when the player has experienced too much frustration.

In keeping an ear to the marketplace and its fascination with the brain as the last medical frontier, lots of gaming companies are using EEG data to benefit humanity. It’s no surprise that baby boomers have flocked to mental exercises such as Sudoku, Brain Age and Bejeweled. Neuroscientists from Carnegie Mellon to Stanford to UCLA attest that such attention and relaxation benefits are empirical. MindGames’ mantra is “entertainment with a benefit.” They have a terrific game called Tug of Mind. It pits the user against the iPhone, which intentionally annoys the user, forcing the user to relax in order to disarm the verbal abuse of the computer avatar. LumosLabs has a series of mental training exercises and puzzles that have undergone scientific testing to support their benefits. Braintrain is taking a more serious angle under the leadership of Dr. Sanford, a PhD neuroscientist. With over 80 simple games, their professional neurofeedback software SmartMind II is the result of 25 years of research and development and is making strides in helping children with ADHD. Wollongong University of Australia has adopted a casual game paradigm for their ADHD program as well. As their clinical trials draw to a close, they are seeking approval from the Australian government.

The Opportunity

For the casual game developer, a once-in-a-lifetime opportunity is emerging. One hundred years of brain research have led to the recognition that the gaming paradigm is best suited for helping patients move faster along the healing process. The business opportunity lies with the fact that medical specialists are not gamers—never have been, never will be. Consumer game-play development will meet the needs of a medical marketplace that is starved for slick experiences to fight Alzheimer’s, ADHD, Cerebral Palsy, Autism, Post-Traumatic Stress Disorder and other mental afflictions. As an industry, we only need to look again to the medical industry to see technology that will be available in the coming years.

The future of BCI rests on cooperation. New ideas and possibilities are emerging every day. To accommodate these, NeuroSky announced an open platform at the 2010 GDC Show in San Francisco. Together with the APIs, hardware for computers, iPods, iPads, iPhones, and a new app store, there is more exposure to buyers of brain-enhanced gaming. Venture funds are signaling an interest similar to that which surrounded Facebook’s developer program and iPhone’s App store. This is of course driven by the emerging monetization opportunities. Game developers will play a key role in extending the power of BCI to consumers everywhere. Those who act first and with the most creative expression will reap the greatest rewards.

The NeuroSky Mindset—a next generation gaming device which, by reading your brainwaves, allows you to control objects with your mind.
Bringing Some WoW to FarmVille Fans
City of Eternals Breaks New Ground

With the growing popularity of FarmVille, we couldn’t help but wonder: Is it possible to graduate such social gamers to more complex game experiences like those found in Maple Story or World of Warcraft? That’s the question we set out to answer when we launched the beta test of our first massively social online (MSO) game, the vampire-themed City of Eternals.

What’s a Massively Social Online Game?

Clearly there’s a great opportunity to bring the best attributes of the MMO and social gaming genres together. On the high end, market leader World of Warcraft has attracted 12 million players who generate $100+ ARPU, translating into more than one billion dollars in yearly revenue. In contrast, FarmVille—by far the most successful of the social games—now has some 75 million monthly active players who generate ARPU of perhaps one or two dollars. The difference: Social games have garnered tremendous growth in the last year, but the engagement level of the average social gamer—as measured by customer life-span and total time spent in game—is far lower than that of the average MMO player.

Which begs an obvious question: Can you get WoW-level engagement and monetization rates in the social gaming space? The genres are so different that it seems like a daunting undertaking. Most social gamers don’t even identify themselves as gamers. But we believe social gamers will continue to graduate to more and more in-depth game experiences. Just as the first-generation, text-based Facebook games gave way to second-generation, Flash-based simulation games, there’s a next generation of social games right around the corner.

City of Eternals is still in early beta, but it’s fair to say the early signs are extremely promising. We’re quickly nearing an inflection point at which traditional gamers and social gamers may be ready to play together.

MSO Design Principles

Our approach for building massively social online games incorporates three principles:

1. “Thirty Seconds to Fun”—“Thirty seconds to fun” means no downloads, no installs, no character creation, minimal overhead. Don Neufeld, ohai co-founder and CTO, led our team in building a client agnostic (Flash or iPhone or whatever arises) game platform that handles millions of updates per second in a dynamic world in which many thousands of players can play simultaneously. To streamline the learning curve (especially for non-gamers), we design our worlds to be 2.5D, with point-and-click play.

   On the design side, our goal is to drop new players immediately into the fun, providing value before asking for a deeper commitment. Why force users through a character creation or linear tutorial process without first giving them some value in exchange? “Thirty seconds to fun” is something that we constantly strive to improve in delivering.

2. “Start Simple, Slowly Reveal Complexity”—We aim to build a smooth onramp into our game environments, especially for non-gamers who might otherwise be overwhelmed. As players grow more accustomed to the game world, we gradually introduce all of the elements you’d expect from a true multiplayer online game: character advancement, story-driven adventures, crafting and harvesting, customizable homes, etc. However, we still want to deliver these features in bite-sized commitments, so players can complete an entire mission in a five-minute session.

Susan Wu is the co-founder and CEO of ohai, a games company dedicated to creating the world’s first massively social online games. Susan is also an active angel investor and advisor to emerging startups such as Square and Mixer Labs/GeoAPI (acquired by Twitter.) Susan was formerly principal and venture advisor at Charles River Ventures. Susan was also the former CMO of Apache Software Foundation, one of the world’s leading open source software organizations. She began her career as the chief architect of an early text Multi-User Dungeon (MUD) and was active in online gaming as a competitive Quake player and a key contributor to a leading Quake mod and open source gaming engine. A serial entrepreneur, Susan was the co-founder of a “Software as a Service” (SaaS) startup with a successful IPO, and a senior executive at a publicly-traded digital security company. She can be reached at susan.wu@casualconnect.org.
 Appropriately, only a third of *City of Eternals*’ missions are connected to a linear storyline, while another third of the missions are evergreen, level-scaled and instanced (automatically generated for each player or each set of players). The remainder of player advancement is driven by social actions—trading, visiting each other’s homes, etc.

This principle continues to prove to be the most challenging. In our original tutorial flow, new players were asked to walk over and click on an in-game character which would launch the first mission. Trouble was, many players actually had difficulty even knowing how to do that! We’ve used these metrics to help us create A/B tests around our tutorial flow, so that we can tune the level of difficulty within the tutorial based on how players are actually interacting with the game.

3. **“Real World Context and Relationships Are Key”—**Our hypothesis is that most social gamers want to become more accomplished, more exciting versions of themselves—as opposed, say, to becoming a half orc. And they want to play with their real-world friends, not with a bunch of strangers on voice chat…at least, not at first.

We explicitly set *City of Eternals* in the modern world, based on contemporary, accessible myths of vampires, minimizing fantasy elements as much as possible. Your character could be you—just in a parallel universe.

At the same time, we also want to blur the boundaries between the social Web and our game world—specifically, as opposed to how it’s done in most multiplayer online games, we decided players should not have to create an alternate persona. Instead, players login via Facebook Connect and we inherit as much information about them as possible from their Facebook profiles (gender, name, etc.). Not only does this technique contribute to our principle of “Thirty seconds to fun”, it also leverages the player’s Facebook social graph to create personal context and relevance within the game. For example, one of the key social features is the Entourage system through which players turn their Facebook friends into their minions.

Facebook integration led to some important emergent behavior we were happy to see: Players quickly learned to check one another’s Facebook profiles while playing. The most dedicated players often became Facebook friends with each other, carrying the social connections they developed in the game back into the real world. This was extremely exciting to us, because it resonates with a goal we have with all of our games: creating a fun context to deepen and expand meaningful social relationships through the power of game-play.

**What Else Did We Learn?**

While *City of Eternals* is still undergoing many iterations in its early beta, here are five core takeaways coming out of our Alpha period:

**Takeaway #1: Yes, Women Will Play MMOs!**

We were very pleased to discover in our *City of Eternals* alpha test that we had a near-equal gender split—60 percent male, 40 percent female—while 70 percent of our most active players were female. The truth is that *City of Eternals* still skews a bit too much towards the MMO side of the equation, rather than the social gaming side, since the game has plenty of hardcore features such as character advancement, skill trees, and a combat environment.
In these game environments, social gamers want to become more accomplished, more exciting versions of themselves—as opposed to becoming a half orc.

system. (The game-play mechanics were largely developed by folks who created successful games like Everquest 2, PlanetSide, Lord of the Rings Online, and Free Realms.)

The women who embraced City of Eternals were often not traditional gamers: Among our top-rank players, for example, were women like Nileena, a dentist in the Bay Area, or Diana, a professional violinist from Transylvania (now known as Romania), famous for being Dracula’s birthplace!

The gender parity with our MSO City of Eternals is fairly unprecedented in the MMO industry. With World of Warcraft, for example, Stanford academic Nick Yee found that only 16 percent of the player base is female. Why the balance in CoE?

Probably a combination of factors: The vampire theme seemed to strongly appeal to female players, plus the majority of Facebook gamers are women. Integration with Facebook was also an important factor inasmuch as it allowed us to create game features, such as the Entourage system, that made the game much more social.

Whatever the combination of variables, the early results suggest we’re starting to crack the code on making MSOs appealing to women.

In fact, we’ve heard from some of our male players that “I kept trying to get my girlfriend to play World of Warcraft with me, but she could never get into it. This is the first multiplayer online game I’ve seen her get excited about, so I’m getting into it too.”

Takeaway #2: High Engagement is Possible Even with 2.5D Flash Graphics

Deliberately, City of Eternals doesn’t have high-end 3D graphics and other technical bells and whistles typically found in other online multiplayer games. Despite being 2.5D and web-based, however, City of Eternals achieved engagement rates comparable with more elaborate MMOs:

- On average, City of Eternals players spend 65 minutes in game each day.
- A number of players spend more than 10+ hours a day in game.
- 42 percent of active users would play multiple sessions daily.

Takeaway #3: MSOs Need Clearly Defined “Daily Loops”

Facebook gamers are accustomed to extremely casual social games that provide a highly structured five-to-ten minute experience they can start and complete multiple times per day. This is a lesson we learned later in the design phase—something we will be fully addressing when we move out of beta into our full launch. When we’ve strayed too far from this objective, the conversion drop-off has been palpable. Thus, one of the mantras that we keep at the forefront of all of our design work is: “What is the daily relationship we are fostering with our players?”

Takeaway #4: Users Play Differently on Facebook Than They Do on Standalone Websites

It’s possible to play CoE either within Facebook or on our standalone site, CityofEternals.com. We found very different engagement behaviors on each:

- Embedded Facebook players played ~10-minute sessions four-to-six times per day.
- CityofEternals.com players played ~30-minute sessions two-to-three times per day.

Takeaway #5: MSOs Have Better Monetization Potential than Other Social Games

Finally, we have been excited to see early data suggesting better monetization rates for City of Eternals than most social games. In our alpha test, we saw the following:

- Average transaction size has been $16.50
- Highest volume categories were item storage, clothing, and potions
- The top buyer spent $584 in the first 30 days of the alpha test
- Gender differences: Female purchasers 44 percent; male purchasers 56 percent.

Interestingly, females on average bought items at higher volumes at lower price points; males on average bought fewer items at higher price points.

City of Eternals is still in early beta, but it’s fair to say the early signs are extremely promising. We’re quickly nearing an inflection point at which traditional gamers and social gamers may be ready to play together. Look for the lessons we learned with City of Eternals applied fully in our next MSO—codenamed Project Unicorn Parade—set for launch this summer.
READY TO SELL YOUR GAMES IN Eastern Europe?

[Profile Picture]

ALAWAR entertainment

Professional profile

Name: Anastasia Yurkina
Job title: Acquisition Manager
Company: Alawar Entertainment, Inc.
Web: http://company.alawar.com
Email: yurkina@alawar.com

Personality:
Easy to communicate with, responsible, flexible, collaborative, enthusiastic, energetic and developer-oriented.
A Brief Conversation about Social Games

Three Guys, Five Questions

Industry Business

Russell Ovans is the Founder and CEO of Backstage, a social gaming company located in Victoria, BC. He holds a Ph.D. in Computing Science. He wonders if he's getting too old for this shit. Russell can be reached at russell.ovans@casualconnect.org.

Derrick Morton is CEO of FlowPlay, a company developing virtual worlds where casual games drive the economy. He formed FlowPlay in September 2006.

Sean Phinney is the Vice President of Business Development for Playdom, a leading social gaming company and the #1 application developer on MySpace.com. Sean has an MA in applied economics from Washington State University and a BA in economics from Western Washington University. He can be reached at sean.phinney@casualconnect.org.

Whenever we see someone taking a good idea and making it great, we do what we can to share it with you. Case in point: Social networking sites such as Facebook, Vkontakte, and hi5 have become highly profitable distribution points for casual games. So we asked some of the leaders in the space—Russell Ovans, Founder and CEO of Backstage; Sean Phinney, VP Business Development at Playdom; and Derrick Morton, CEO of FlowPlay—to share their views on the opportunities in the social space.

You’re welcome. —ed.

1. What trends do you think are on the verge of becoming something big for social games?

Russell: Brands using social games to engage with their audience, further reducing the signal-to-noise ratio. The day we see social games related to upcoming feature film releases is the day our industry has officially jumped the shark.

Sean: Games that push the boundaries of meaningful social interactions will continue to lead the pack in social gaming. I think we are also on the verge of seeing games with really unique, recognizable IP. This will most likely be a combination of completely new game concepts and characters, as well as social games that draw on existing popular brands to create distinctive and franchise-able games.

Derrick: Today’s social games aren’t very deep. Typically they are designed more for their ability to broadcast messaging to other potential players than for their gameplay. As the industry matures there will still be an emphasis on virality but I think the games will begin to make much better use of the fact that your friends are also playing the game. This is already beginning to take shape in small ways in games like Restaurant City where your friends’ restaurants are on the same block for you to visit. I think there’s still a long way to go before it’s truly something that makes inviting your friends much more fun.

The other thing that I think is a potential game-changer is the coming of Facebook Credits. Having a ubiquitous currency will remove a lot of friction from the transaction process and make it much easier to get an impulse-buy out of a consumer.

2. How important is the social component to social games? Could games that are popular on social networks and inside MMOs also become popular in single-player varieties?

Russell: The social component can’t be underestimated. People like to play games with their friends, and not just if the game requires friends. For example, people go to the bingo hall to play bingo, but the experience is richer when they bring a friend and can chat with the person next to them about how close they both were to winning the last round.

The corollary to this effect is that a good social game isn’t necessarily social. A lot of our popular titles are not inherently social in that the game doesn’t require that you have friends playing with you. But an engaging community has developed outside of the game itself in and around the collecting of virtual goods; Players meet in the forums to conduct trades and discuss which of the rare prizes they have or need. Our apps facilitate the exchange of goods, but the games don’t require that you do so in order to succeed. In this regard, I think you could actually create a compelling social version of Solitaire. But going in the opposite direction—a compelling single-player version of a social game—is much more difficult, and increasingly irrelevant.

Sean: Social gaming already draws on popular single-player genres; what brings social games their mass appeal is the social component. By tapping into a player’s preexisting social graph on social networks, social games can leverage their popularity to previously-unheard-of levels.

Derrick: Usually the only real social component to social games is the outbound messaging to attract other players. This is absolutely necessary in order for the game to spread and grow. That
being said, I think if you played most social games outside of a social network you'd burn through the experience in a few hours. There's just not that much game-play. In fact, most games have been designed to limit how long you can play in a session to as little as a few minutes before you're asked to come back later. I don't think most of these games would hold up in a single-player experience. What I do find interesting is the fact that as a result of the limited session play designed into the games, people have become accustomed to playing five to 10 games simultaneously. They still get in 30 minutes of game-play every day, but they do it over several games.

3. What is the secret to making social games viral?

Russell: We are now onto the third generation of viral mechanisms. First it was simply incentivizing invites: "For each friend you invite, we'll give you one credit!" Facebook told us we couldn't do that any more, so then it was gifts-as-invites: "Send this free gift to your friends as it's the only way you can obtain the object!" Third, we've discovered that posting a newsfeed story asking for help from your friends to complete an inherently cooperative task is a highly effective means of spreading an app. But it can't be contrived: You need a game mechanism that truly requires the help of a friend. For example, in Family Feud you play the first half of the Fast Money round; then you solicit the help of a friend to do the second half, just like in the TV show.

Sean: The secret is making them fun! When you build a game experience that players love, they will want to share it with their friends. When players feel proud of an achievement in a game, they are naturally motivated to share their success with friends—or perhaps challenge a friend to beat their accomplishment. Social games are the most viral when they are built around game experiences that, when shared with friends, become much more meaningful and fun.

Derrick: There's not just one but three secrets to making a social game viral because there are different personality types that respond to different stimuli. Competitive players respond to a challenge from a friend, or they see a high score and are compelled to try to beat that score. They also want to be the number one player of a social game amongst their friends. Social players actually try a game because their friends are playing and they want to be part of the conversation—they don't want to be left out. They want to be able to share the experience. Finally, collectors are attracted to games with badges and items that can be acquired. They like stuff, and when they see a game that has something they can collect, they respond to it. There are other types of gamers but these are the main three that are engaged by social games and the methods used to attract them.

4. Are we going to see virtual currencies/payments take over the Western markets as we have in Asia and Russia?

Russell: I hope so, because it's the only way we make any real money.

Sean: In social gaming, micro-transactions will continue to drive the majority of revenue. As the audience of social gamers increases and players become more used to paying for virtual goods, the virtual payments market will grow. Online MMOs and virtual worlds have also embraced virtual payments, and even some casual and console game developers have begun to explore this revenue model. Although more traditional "pay to play" models will never go away completely, I think we will continue to see Western gaming companies shift towards a virtual payments/micro-transactions model as a way to capture more paying users.

Derrick: Yes, virtual currency is the best way to maximize revenue per player. Subscriptions peg the revenue per player to a single price-point that under-charges those customers that are crazy about your game. Only virtual currencies offer the sliding scale of pricing that allows all players to decide how much money they want to spend on a game.

5. How many people actually pay for social games? Should we focus on monetizing the paying users more effectively or focus on the non-paying customers?

Russell: It depends on what you mean by pay. In our experience, about one percent will use direct payment methods, more will do offers, even more will install other apps, and even more will do surveys. In order to sustain the revenue-stream associated with a game, you need to worry about both looking after the whales and turning more of your minnows into whales. However, the importance of optimizing the experience for the whales increases as the game ages.

Sean: The percent of players who pay money in social games is still very small. At Playdom, we have established a multi-layered strategy to engage our players because we believe that monetization flows naturally from engagement. We work hard to deepen the game-play experience to satisfy our long-term and hardcore players. For casual users, we work to make the few minutes a day or week they play our games enjoyable. When you build a game that is fun and addictive for a first-time player as well as a devoted one, you will see increased monetization across the board.

Derrick: How many people pay depends on the game. On the high side about eight percent and on the low side about one percent of players who start playing a game eventually pay something. Most games are on the low side of that equation. I would much rather have a game with a higher percentage of paying players than a game with higher spending players. A higher number of paying players is usually a better indication of the performance of a game. Higher spending can sometimes lead to expensive fraud issues that ultimately are harder to manage.
We All Scream For Streams
New Directions in Game Distribution Technology

When Jim Morrison sang “We want the world and we want it NOW!”, he probably wasn’t talking about global consumer culture in 2010. And yet, on-demand services are quickly becoming the norm of industry: get the customers what they want, when they want it, as quickly and easily as possible. TV shows, movies, music, even groceries are now available on demand. Apparently, we not only want the world, but we wanted it five minutes ago.

The explosion of Web-based Flash games shows that the gaming industry has embraced the consumer’s desire for instant play. Unfortunately, the results often sacrifice quality for access. In-browser Flash games are quick to launch and easy to play, but can be limited in video, audio, graphics, and overall game-play experience. Meanwhile, download games offer the rich graphics and music some consumers want, but they can create headaches for the casual gamer, who has to spend minutes or even hours downloading and installing the game to a hard drive.

Average casual game downloads today are about 100MB—a ten-minute download and install for users with a broadband connection. For casual gamers looking to “snack” during their lunch break, it’s ten minutes they may not bother to invest. And with casual games steadily increasing in size (titles from the popular Nancy Drew series now weigh in at over 500MB), the problem is only set to increase. Worse, even after patiently installing a title, players are limited to one machine in one physical location. For developers and publishers looking to hook a new generation of repeat customers on their games, the battle may be lost before it’s even fought.

New game streaming technologies aim to eliminate the zero-install versus quality tradeoff, breaking down the traditional barriers between Web-based games and download games. Imagine launching rich, full-format games instantly from any Web browser anywhere, bypassing downloads and installs altogether. Companies like OnLive, Gaikai, and Spoon are taking the idea of thin client gaming out of the imagination stage and into reality, albeit in different ways.

From Here to There
To be sure, gaming on demand in and of itself is not a new concept, with companies like Steam and Exent already using Gaming-as-a-Service (GaaS) models, incorporating incremental download capabilities. But users today are still forced to wait for downloads and installations to complete before getting in the game. Until recently, the technologies haven’t existed to tackle the problem of instant access head-on.

OnLive and Gaikai make use of video-streaming technology to deliver true gaming on demand. Games are physically run in a remote server center and then beamed via video stream to game players in their respective Web browsers. With OnLive, a browser plug-in allows the user’s PC, Mac, or even TV (with an adapter) to act as a long-range controller, sending game-play actions upstream and results back downstream. While this method does raise questions of potential latency issues and server economics, the immediate tangible benefits to the user cannot be ignored. Since games are never downloaded or hosted locally, system requirements are minimal. All game patches and updates are handled on the server side, and, perhaps most important, purchased games can be saved to the cloud, enabling instant continuation of play from any location, on any platform.

By contrast, Spoon uses a combination of virtualization and predictive streaming to provide a client-side, on-demand gaming experience. Using a small browser plug-in, players can run games on their machines in a virtualized environment, without any installation or changes to the physical host device. In the same way you are able to begin watching a YouTube video before it has fully loaded,
Spoon makes use of predictive streaming to launch games instantly. A prefetch obtains the minimal bits for initial execution and loads them upfront so that the user can begin play even while the rest of the game continues loading in the background. While existing download clients have employed incremental file download to speed launches, the introduction of virtualization technology enables ultra-fine-granularity transfer and an additional 10-20x improvement in launch time.

Remember those cumbersome new Nancy Drew titles? Nancy Drew: Curse of Blackmoor Manor, a hefty 540MB, launches on Spoon with just an 18MB prefetch, with no download or install required. Spoon does require the client device to have adequate specs to run the game locally, but Spoon offers the ability to seamlessly transfer games to the player’s machine for offline play. The OnLive and Gaikai server-side approach allows consumers instant play without the specs typically needed to run the game.

Follow the Leaders

While the proof of a revolution in game distribution technology will be in the proverbial pudding, the gaming industry can take a cue from the fact that some of the technology’s early adopters are also industry leaders. Major publishers like EA and Ubisoft have already partnered with streaming providers, and several more partnerships are expected to be announced in the coming months. With the shift in distribution technology representing an across-the-board win for publishers, developers, and consumers alike, it’s not hard to see why.

Publishers can offer increased access to their games to huge audiences, while simultaneously eliminating those points of friction between customers and their gameplay experience—all while cutting costs on in-house platform compatibility development.

On the developer side, Web-based streaming technology creates opportunities for novel distribution platforms and reduced development costs. Developers can now code games with the speed and accessibility of Web-based games in mind, but without regard to any of the limitations of in-browser Flash. Both OnLive and Spoon currently offer developers the ability to easily convert and submit their games for hosting.

Last, but certainly not least, consumers take their rightful place on the gaming throne. Whereas in the past even demo versions of games had to be downloaded and installed locally, now the richest games will be instantly available, regardless of platform. New standards will be set in time-to-play, with hours becoming minutes, and minutes becoming seconds. Mobile devices and netbooks will no longer be shut out of the conversation in a gaming world where the only limitation is Internet access. It’s a game snacker’s paradise—play a little on your home television in the morning with OnLive, pick up your game on a mobile device while on your bus commute, or relax during your lunch break at work with some casual gaming on Spoon.net.

Since games are never downloaded or hosted locally, system requirements are minimal. All game patches and updates are handled on the server side, and, perhaps most important, purchased games can be saved to the cloud, enabling instant continuation of play from any location, on any platform.
I spend a lot of time thinking about the future of our business. There are so many unknowns looming on the horizon that I find it essential to sit and think about where we’re all headed. What follows is one perspective on some of the biggest issues we face.

1. Is there an ideal world for the casual gaming industry? If there is, what does it look like?

Well, yes, it exists—but what it looks like depends on your point-of-view:

- From the Developer’s perspective, the ideal world includes a wide variety of solvent portals and publishers in different territories. All compete for the best products, are willing to pay high prices, take risks and make innovations through the financing of new creative projects.

- If you’re the Publisher, your ideal world includes customers who appreciate the increasingly high quality of games and are willing to pay a fair price. The market is heterogeneous, with plenty of money available for marketing and a whole lot left over for profits.

- If you’re the Customer, you want entertainment with a huge variety of choices, excellent service and good value for little money.

- And if you’re the Distributor, you want what the Customer wants.

2. Is it possible for everyone to get what they want in 2010? Or are we at least moving in that direction?

Judge for yourself: In 2005, the worldwide market for casual games was shared between more than 20 publishers/portals whose powers were distributed fairly evenly, with some acting locally as strong partners. In 2010, in the classic, casual, electronic software delivery business the market is dominated by only a few remaining publishers. These same few publishers control the marketplace, resulting in more and more exclusive contracts. Larger developer conglomerates “pool” concepts and sell big game packages.

The result: The developer’s independence has decreased and the diversity and creativity of the casual gaming industry is under pressure, with hidden object games dominating the market for a good two years (rare exceptions notwithstanding). What this situation means for our customers is that there is little space left for new, creative ideas. Consequently, price is becoming a central marketing tool. The markets are flooded with similar products, which in turn overload our customers. As a result, users have shorter attention spans, they are less willing to buy our products, and profits are declining across the board.

Look at the numbers: Figure that an average hidden object game offers three-to-five hours of game-play, and a typical customer plays casual games for maybe eight-to-ten hours per week. Meanwhile, that same customer receives seven free games (or trial hours) per week, plus free Flash Deluxe offerings and dozens of free Blitz-Famburg-Whatever rounds on Facebook. Why would you ever expect someone to buy a casual game in such a marketplace?

3. Many people say that this is simply the “normal economic course”—that this is what happens when a developing industry grows from niche to billion dollar market. Is that true?

No! That’s only true if you embrace the pattern set by the music industry, TV, or the print media. It certainly doesn’t have to be that way.

Casual gaming has grown to the point that it is in the heart of society. Consequently, the truly big players in our space—publicly-traded multinationals like Microsoft, Namco, Sony, and Nintendo, for instance, plus ISPs, Amazon, Facebook—are currently investing huge amounts into casual games, trying to achieve a dominant position in our business. They wouldn’t be making that sort of commitment if they didn’t believe that lots of money could still be made.
If we’re seeing lower-than-expected results in casual games in 2010, it is because we have been competing too much on price and not enough on ideas. In that sense, the 2009 decline of the industry was homemade.

4. What can we do to bring together the diverging “Ideal Worlds” of Developers, Publishers, and Customers?

Through the Casual Games Association we can actively promote and work toward convergence through new standards, through information exchange and communication, through education, through active influence on market participants, through the promotion of creative concepts, approaches and ideas. We can do it through cooperation with universities, through arrangement and promotion of degree programs, through participation in other associations. And this list goes on.

Perhaps the CGA could bring together for an open round-table discussion the biggest developers and publishers of casual gaming to discuss the current state of the industry and to work out basic solutions to our growing problems. As an industry, our collective knowledge gives us a huge advantage in online marketing over the classic game publishers. It’s an advantage we should exploit.

5. It has been said that the so-called “Free Culture”—in which everything is free—demolishes profits and steals greatly from the total available media-usage time. Do you agree?

Absolutely! In the long run, Free Culture is a Killer Culture from which there is no turning back! You can see it in the global experiences of print media. Around ten years ago, the worldwide print publishers decided to make all of their content available for free online to compete against Microsoft (which was touring Europe and Asia at the time in an attempt to buy up publishers). They have not recovered from that ill-fated decision to this day. Their advertising revenues are still lousy (15 percent) compared to those of the traditional business. Almost the same thing has happened in the music industry: Even though retail sales in GAS have declined for almost 10 years in a row, they reached 1.3 billion euros in 2009, compared to only 120 million euros in online sales.

6. Is the casual download business on the verge of extinction? Are we headed toward a world in which everything is free and online?

It’s certainly not dead. But everyone will win only when we come up with new ideas, with better conceptual approaches. For one thing, we need to devise a new way of increasing customer loyalty so that our users feel like they are losing something substantial when they migrate to another type of service, portal, game, or business model. And we need to revitalize (or invent) other gaming concepts besides hidden objects—new concepts which will eventually induce or seduce our lost customers to return.

Surely we can come up with innovative payment systems that are significantly easier for customers to use than those we have today. We need intelligent club models which support fair prices by adding real value through live customer support, moderated chat-rooms, free and intelligent walkthroughs, combined online-offline offers, feeds, and so on. Creating emotional involvement and commitment of our customers is also of utmost importance.

7. So then how do we go about increasing revenues?

Too often we confuse reach with revenue, when, in fact, reach has to be converted into revenue. The pursuit of pure reach through ads

We asked John Vechey, co-Founder of PopCap Games, to give us his perspective on the pricing of downloadable games.

—ed.

Does lowering price always result in more sales or does it depend on the game?

Depends on the game and depends on the price-point. There are definitely some bad price-points. For example: We’ve done some price-point testing and found that $19.95 sells more units than $14.95, and both $29.95 and $19.95 make more revenue than $14.95 or $24.95. And that’s true regardless of the age or quality of the game. We’ve also learned to price games that are older at $9.95.

What is the optimal pricing strategy for consumable and premium content?

The higher the better. Spintop Games, our direct-to-consumer portal focused on HOGs, sells only at a $19.95 price-point. We’ve found that the low price-points of the discount club programs only help the portals in briefly taking customers from other portals; they do not actually grow the industry as a whole—which neither helps developers nor the portals in the long run.

Our preference is to focus on product quality. We pack as much production value and content into a game as we can. Because of that, we always prefer premium pricing on our products, specifically compared to other products.

As to the portal business, all they do is compete with each other on price and search engine marketing. They don’t increase the size of the audience; rather they are focused on short-term wins to get people to sign up for volume discount programs (which are different value propositions than merely pricing a game cheap). I don’t think the cheapest portal will have the most traffic, just that all they do is try and steal customers from each other—that is, instead of growing the size of the potential customer base. Overall growth on portals and the download business has been flat for quite some time.

Things like free Web games, new channels like Steam, and social gaming through Facebook are what have increased the overall customer base. But the portals will continue to buy keywords to spend a lot of money to chase another portal’s downloadable customer instead of growing the market. I think that’s short-sighted.
usually leads to a tunnel without light at the end. Why? Well, if you’re attracting customers who are not in principle willing to pay for your products, they do not represent the quality of customers in which your advertising partners are likely to be interested. We’ve found that customers who consume almost entirely free of charge have little or no willingness to buy other products as well, which is why they have such low purchasing power.

Nevertheless, the casual game portals seem to be headed down that lightless tunnel. Meanwhile, there are plenty of “reach-providers” (ISPs, TV, Networks, etc.) who can generate many more eyeballs than any casual gaming portal could ever hope to. When it comes to reach, the casual industry suffers in comparison.

Likewise, how many casual game brands can you name? Five? Ten maybe? By contrast, there are hundreds of global brands in the consumer sector because these products generate sufficient revenue for some portion to be spent on brand-building. Five or 10 brands for an entire industry is nothing! There is plenty of room for additional growth.

8. So what should we do about all of this?

First, we must not bend to the dictates of “smaller giants.” As an industry, we must take coordinated action against the “Free Culture” that is diverting time and attention from our primary products. Ultimately, we must choose the competition of ideas over the competition of money, lower costs and the market power of a few.

The Formula for success is this:

Selling Ideas + Having Good Products + Keeping Our Commitment to Customers + Limiting Customer Migration = Success.

How would you have answered these questions? Let us know: editor@casualconnect.org.
Five Issues Shaping the Games Market
An Insider’s Perspective

In their work for GlobalCollect, Bob Voermans and Stuart Mann work with casual games companies from all over the world. Their positions enable them to see from an inside perspective the multiple, ongoing developments and trends that characterize the changing landscape of the video gaming industry. Recently, we asked them to name the five issues they expect to have the biggest impact on the industry in the years ahead. Here’s what they told us.

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**Issue 1—The Shift to Free-to-play Models with Virtual Currency and Item Sales**

Following the success in Asia, more and more European and American gaming companies are adopting the free-to-play business model combined with virtual item sales. This model is rapidly gaining followers and market share—especially in the casual games market—because players can decide how they want to use content. Various reports show that the free-to-play business model attracts more players overall which, through virtual item sales, results in a higher ARPU (Average Revenue per User) than the “traditional” subscription model. The introduction of item sales requires micro-transaction solutions, one being the integration of a virtual wallet which manages conversion from real to virtual currency.

On top of the revenues from item sales, gaming companies with a free-to-play business model also are witnessing an increase in revenues from advertising. Games offer a new medium for advertising, and as online games gain popularity, marketing and technology firms are seeking ways to capitalize on a new channel for advertising. Advertising revenue from online games was $55 million in the US in 2006, and it is forecast to rise to $800 million in 2011, according to research firm Park Associates.

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**Issue 2—The Shift to Digital Distribution Models**

With offline distribution through traditional retail showing declining rates, digital distribution models which aggregate content from worldwide game publishers are flourishing. Valve’s Steam service allows users to buy and download games over the Internet while Paris-based Metaboli offers subscription packages to download and play multiple games from top-notch publishers. Meanwhile, traditional large-brand publishers such as Electronic Arts and Blizzard are moving from “retail box distribution” to digital downloads, using their own online storefronts and partnering with high-traffic aggregators who offer higher page-views and lower acquisition costs. They rely on a download-to-own (DTO) business model in which traffic drives increased revenue conversion. By integrating payments into their billing infrastructures, they can offer a full service which includes customer support, retention and monetization, and management of virtual economies.

More often, game development studios are bypassing traditional game publishers to publish games themselves using API’s from social networking sites or by selecting marketing/distribution partners.

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**Issue 3—The Entrance of High-traffic Communities and Social Networks into the Casual Games Arena**

Research has shown that one of the key success factors for online games is that they enable people to chat, play, compete, and exchange experiences with each other. So it’s not surprising that social networks such as Facebook are now entering the casual games arena, offering an interesting distribution channel for game developers and publishers. Companies such as Playfish, Playdom, and Zynga have adopted the use of social networks to develop, distribute and publish casual games, with revenue generated via advertising, offers, and sponsorships.

In any given month, 10 to 20 percent of all Facebook users play games, with the average revenue per user ranging from $0.50 to $1.00. “That is a market size of 500 million to one billion dollars,” says Sebastien de Halleux, CEO of Playfish. Facebook recently introduced Facebook Credits to enable consumers to...
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Contact us at info@offerpal.com

www.offerpal.com
purchase credits (via multiple payment methods) and spend them on different applications within Facebook, including games. The move represents a major opportunity for Facebook to get control of the revenues generated in their social network, but it also takes away the need for game developers and publishers to implement their own payment solutions.

**Issue 4—Industry and Governmental Regulations of Game Delivery and Monetization Methods**

Virtual property is common to Massively Multiplayer Online Games (MMOGs). Players in these games create characters and enter an online-world, where their characters interact with other player-controlled characters as well as computer-controlled characters and creatures. Players engaging in these activities acquire in-game items and money which can be purchased and traded within the game itself. Players also gain “experience” which improves their in-game abilities and talents. The result is “virtual property.” The fact that people are willing to pay actual money to acquire virtual property has led governments to become interested in the tax, property, and privacy rights of individual games—not to mention the potential tax revenue streams that could emerge from virtual economies.

MMOGs are hugely popular in Asia, and some Asian countries are already taking steps to regulate virtual property. For example, the law in the Republic of Korea states that in-game items represent property value and that there is no difference between virtual property and money in a bank account. In Taiwan, virtual property is considered movable property, and stealing such property can result in imprisonment.

To work around these issues, some MMOGs have clearly stated in their user agreements that trading of virtual property is not allowed and that the company owns everything associated with the game. Others, such as Sony Online Entertainment, have established an action service through which players can securely buy and sell virtual property. Meanwhile, some game developers are now starting to incorporate allowances for development of virtual economies through tie-ups with virtual item service companies.

**Issue 5—The Growth of Mobile Gaming**

Mobile games are dramatically gaining market share, pushed by the success of Apple’s iPhone and iPod Touch. In December 2008, there were only 1,500 games in the AppStore; five months later there were more than 10,000. With mobile phones and PDAs continuously offering better specifications and graphics, it is expected that mobile devices will become the most-used gaming platform in the future. Existing game studios and publishers are either releasing new mobile games or mobile versions of their existing games that could even interact with the PC version.
Mobile gaming is coming of age in 2010. It’s had some challenging formative years, but that’s all changed thanks to the unlikely father figure of Steve Jobs and the phenomenal growth of the iPhone App Store. Now mobile companies are falling over themselves to get into play with the likes of Google’s Android, Blackberry App World, and Nokia’s Ovi featuring games as a key component of future strategy. And the market’s growing fast. Gartner expects it to be up 19 percent to $5.6 billion in 2010, with Juniper projecting $10 billion in 2013 and DFC Intelligence $11.7 billion in 2014. But how do you get a slice of each of these pies and, more to the point, which should you focus on? In this edited extract from the PocketGamer.biz Mobile Games Trend report, we offer a quick run down on the leading platforms.

**Apple App Store**

Market size: 85 million devices (iPhone, iPod touch and iPad)
Available applications: c.200,000
Revenue share: 70%

Apple’s App Store is without a doubt the best mobile gaming platform available. Activity is huge, with over four billion accumulated downloads. Its 70:30 revenue share has been widely copied, and there’s precious little fragmentation to worry about.

Discovery is a growing problem though. In February, analytics website Mobclix revealed there were more than 26,000 games available with 68 percent of them paid titles. The most popular genre, Puzzle, contains more than 7,700 titles.

**How do you get a slice of each of these pies and, more to the point, which should you focus on?**

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**US App Store Prices**

<table>
<thead>
<tr>
<th>Price in US dollars</th>
<th>June 2009</th>
<th>November 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5</td>
<td></td>
<td></td>
</tr>
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</tr>
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<td>4.3</td>
<td></td>
<td></td>
</tr>
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<td>3.2</td>
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<td></td>
</tr>
<tr>
<td>2.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Source for all charts/graphs: Mobclix, 1-Feb-10/Pocket Gamer Mobile Games Trends Report 2010
There’s also the thorny issue of price. Whereas mobile operators maintained a $6.99 price tag for games, $0.99 is the most popular price on the App Store, with only the large publishers able to release games at the higher prices which dominate the top grossing charts.

**Android Market**
Market size: c.8 million devices
Available applications: c.38,000
Revenue share: 70%

Official statistics on Google’s Android Market are harder to come by than for iPhone as there’s no full store listing. As of February, analytics website AndroLib tracked 3,825 Android games, dominated by the Brain and Puzzle and Casual categories. Another difference is the lack of big name publishers, who have been lukewarm to the platform due in part to the large volume of free titles, the lack of a first-party store, and inflexible billing options.

This situation is beginning to change, however, thanks to the success of devices such as the Motorola Droid, which combined with output from HTC and Samsung means Google is activating 100,000 devices per day. This scale has also seen Gameloft announce it is bringing 10 of its top games to the platform.

Nevertheless, the pricing of Android content remains an issue, with analytics company Distimo claiming Android Market has the lowest average price for paid applications at $3.27—compared to $3.47 for Nokia’s Ovi Store, $3.62 for Apple’s App Store, and $8.26 for BlackBerry App World.

**BlackBerry App World**
Market size: 41 million subscribers
Available applications: c.7,000
Revenue share: 70%

Although BlackBerry App World didn’t launch until spring 2009, Research in Motion already had a thriving development community, albeit one focused on business applications. Now, in keeping with its wider refocusing of BlackBerry as a lifestyle brand, it’s doing the same with apps, announcing support for 3D graphics standard OpenGL 2.0 for its newest devices. App World already has plenty of games too—around 1,200 at last count—even if they’re essentially J2ME titles. As with iPhone and Android, the Puzzle genre is the most populated.

However, perhaps the clearest difference between this and other app stores is pricing. Thanks to RIM’s policy of maintaining $2.99 as its lowest price point, BlackBerry App World has the highest average price—$8.26 according to Distimo. Even when it comes to games, Pocket Gamer’s research shows that the average price of the top 20 BlackBerry games is around $4.00, compared to $2.50 for Apple App Store.

**Ovi Store**
Market size: 50 million devices
Available applications: c.7,000
Revenue share: 70%

Despite being the world’s largest phone and smartphone maker, Nokia hasn’t been able to leverage its market share into app store success. Indeed, Ovi Store has enjoyed distinctly mixed
fortunes since its launch in 2009. The store suffered from technical glitches in its first few days alive and has since been criticized for customer service issues, backend complexity for developers, and poor sales.

In recent months, some developers have reported an upswing, with the store handling 1.7 million downloads per day—although this figure also includes wallpapers and ringtones. But with Ovi Store coming preloaded on more and more handsets (it’s also available in 18 countries and 30 languages), it seems inconceivable that it won’t be a key player in the market going forward.

At the last count, there are actually 37 distinct app stores in operation, spread across device manufacturers, OS developers, operators, and independents. And that’s not to mention the pre-existing mobile operator portals and OEM embedded programs.

Platforms: Which of the following platforms will you support over the next 12–24 months?

<table>
<thead>
<tr>
<th>ITEM</th>
<th>MAJOR</th>
<th>SIGNIFICANT</th>
<th>MINOR</th>
<th>NO</th>
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<tbody>
<tr>
<td>Java</td>
<td>23.1</td>
<td>17.9</td>
<td>20.5</td>
<td>38.5</td>
</tr>
<tr>
<td>BREW</td>
<td>7.7</td>
<td>17.9</td>
<td>25.7</td>
<td>48.7</td>
</tr>
<tr>
<td>iPhone</td>
<td>84.6</td>
<td>10.3</td>
<td>5.1</td>
<td>0</td>
</tr>
<tr>
<td>Android</td>
<td>30.8</td>
<td>23.1</td>
<td>20.5</td>
<td>25.6</td>
</tr>
<tr>
<td>Xbox Live/PSN/WiiWare</td>
<td>10.3</td>
<td>20.5</td>
<td>30.8</td>
<td>38.5</td>
</tr>
<tr>
<td>BlackBerry</td>
<td>7.7</td>
<td>18</td>
<td>33.3</td>
<td>41.0</td>
</tr>
<tr>
<td>PSP/Minis</td>
<td>0</td>
<td>15.4</td>
<td>38.4</td>
<td>46.2</td>
</tr>
<tr>
<td>DS/DSiWare</td>
<td>0</td>
<td>12.8</td>
<td>35.9</td>
<td>51.3</td>
</tr>
<tr>
<td>Facebook/MySpace</td>
<td>23.1</td>
<td>28.2</td>
<td>17.9</td>
<td>30.8</td>
</tr>
<tr>
<td>Windows Mobile</td>
<td>2.6</td>
<td>30.8</td>
<td>30.8</td>
<td>35.9</td>
</tr>
<tr>
<td>Palm (various)</td>
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<td>10.3</td>
<td>28.2</td>
<td>61.5</td>
</tr>
<tr>
<td>iPad</td>
<td>20.5</td>
<td>43.6</td>
<td>33.3</td>
<td>2.6</td>
</tr>
<tr>
<td>Average %</td>
<td>17.5</td>
<td>20.7</td>
<td>26.7</td>
<td>35.0</td>
</tr>
</tbody>
</table>

Comment: iPhone wins hands down. Java and BREW have collapsed in significance compared to last year; there’s been a modest uplift for Android and Facebook. Will Palm go the way of last year’s least-favored format, the N-Gage? PSP and DS haven’t become much more significant for most respondents over the past 12 months, despite the extra focus on downloadable content, but iPad is already on their radar, with 60 percent supporting it and seeing it as at least a significant platform—and nearly everyone set to develop for it.

And There’s More...

At the last count, there are actually 37 distinct app stores in operation, spread across device manufacturers (including Samsung, Sony Ericsson, Palm and LG), OS developers (such as Windows Mobile and the Java store), operators (Vodafone 360, Orange App store, Verizon et al.) and independents (from Getjar and Handmark to Mobango and App Central). And that’s not to mention the pre-existing mobile operator portals and OEM embedded programs. Suffice it to say that all of these channels offer their own opportunities and challenges for game developers and should be considered as part of a wider strategy.

The full Pocket GamerBiz Mobile Games Trend report 2010 touches on more of these (currently) minor channels. It also includes a lot more information and recommendations for the major platforms plus a whole lot more data, analysis and recommendations regarding the trends that are shaping the mobile games market. What’s more, we’ve arranged a 20 percent discount on this and all our reports for CGA readers. Go to www.pocketgamer.biz/cga2010 to take advantage now. And of course stay tuned to PocketGamer.biz for your regular update on all things mobile gaming.
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The Next Frontier: The Future Beyond Social Games

The Founders Of GameDuell Share Their Views

Seven years ago, Kai Bolik, Michael Kalkowski and Boris Wasmuth founded GameDuell in Berlin. Today, GameDuell is one of the world’s largest social games communities. The interview provides a short overview of the development of the company and the trends the founders see for the games market in 2010 and for GameDuell.

Is There A Next Big Thing Beyond Social Games And How Is GameDuell Positioned For The Future?

Today, we see that the days of the early “super wins” in social games are over and the social games market has become more mature. The initial gold rush with heavy viral growth has ended for most games companies. Increasingly you now have to pay for marketing on social networks as in any other media. Therefore, ROI-driven marketing execution and CRM is way more important now. GameDuell has always been a true Internet business and we have been operating social games as a service successfully for more than 6 years now. Our long-time expertise and the strong focus on metrics for retention and ROI in marketing allow us to flourish also under these new circumstances. We count more than 20 million registered users and installs. Our team consists of 170 people worldwide, with offices in Berlin, Asia and San Francisco.

What Industry Trends Do You See In The Future?

Social is still the future – games will continue to be less product driven and more interaction driven. People like to compare themselves with their peers. Most games will be social, and including the social graph is not the big opportunity anymore, today it is a pure necessity on any platform. New developments on Facebook give companies like GameDuell the chance to make money off Facebook with traditional revenue drivers.

Our research shows that this also includes mobile platforms. Many of our users say that they desire the social games experience anytime, anywhere – and only mobile platforms can deliver this.

Could You Describe The Role Of Social Games For GameDuell?

Social games are the secret to our success. We have been offering them for more than 6 years. The tournaments on our destination site supply an inherently social experience. More than 12 Mio users enjoy this experience each month across all platforms. From this perspective, we are the biggest social games company in Europe. Our secret to success is the “user engagement loop”. The loop consists of two steps. First, the goal is to engage our users throughout the day, no matter where they are. On their way to work, they play via their mobile device, at work they take a break for a short game on Facebook and in the evening they enjoy our own destination site www.gameduell.com.

Secondly, this engagement is a huge monetization driver. Offering a service only on one platform limits your potential returns compared to serving all platforms. Due to the latest developments on Facebook and the Graph API (the interface...
that Facebook delivers to developers to integrate the social graph into their platform, we can implement this platform embracing strategy more easily.

**What Metrics Do You Use To Track Your Business – ARPU, Attrition, DAU/MAU? Can You Share Some Of These Metrics With Us?**

We usually track people according to their lifetime values. These are based on their spending habits and our estimations on how long we can keep them as customers. According to a study of the Casual Games Association, the lifetime value of users in virtual goods/pay to play is generally in the $25-$150 range. How do you get to higher lifetime values? Higher retention rates demand investments in CRM, in a great platform, in high quality games and a constant introduction of relevant new features.

**Where Do You See Most Growth In 2010 For GameDuell?**

At the moment we profit from the strong international growth of Facebook, e.g. in Latin America and in Europe. It gives us the opportunity to strengthen our position in these markets, where we are also present with our own destination sites. Besides that, we continue to invest heavily in product and marketing across all platforms and geographies. With our metrics-driven approach, we spot trends early and we can then exploit and continue investing in.

**Where Do You See GameDuell Two Years From Now?**

Our goal is to supply a better game experience to our community every single day. We want to stay on the forefront of social games across platforms worldwide. Embracing new opportunities will help us achieving this goal. Therefore, we are constantly reaching out to partners, suppliers and new employees that want to join us in this great journey.

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**GameDuell Facts & Numbers**

- **Founded:** 2003
- **Customers:** More than 20 million registered members
- **Traffic:** 35 million unique visitors per quarter
- **Team:** 170+ employees and full-time contractors
- **Games:** 45+ casual games developed in-house
- **Funding:** $19 million venture capital from Burda Digital Ventures, Holtzbrinck Ventures and Wellington Partners
- **Marketing:** 1,000+ partner portals and sites
- **Revenues:** Transaction, subscription, sponsoring, virtual goods
- **Website:** www.gameduell.com
- **International:** Available in 7 languages
PLANTS vs. ZOMBIES™ PEGGLE® BEJEWELED® BLITZ
BEJEWELED® 2 BOOKWORM™ ZUMA’S REVENGE™
MADE FOR FUN Made for you

Sure, it looks like innocent fun. But it’s sprinkled with a whirlwind of irresistible, smile-inducing awesome. Then, it’s polished to a timeless sheen that keeps you coming back for more. It’s surprisingly legal! So go ahead, get some PopCap fun — available on every platform on earth.

PopCap.com
Super Newtronic is an arcade/puzzle/physics game for the iPhone developed by Late Story Studios and published by Phantom EFX. It was released in March 2010 along with a free Lite version. While all members of our small team had previously worked in the casual game development field, Super Newtronic was the first title that we had independently produced. Born from economic instability and sustained through long nights of work, it was a game that might easily have never been completed. The process went quite well overall, but, as can be expected in such conditions, not everything went according to plan.

What Went Right

The Controls

No game idea is created from completely original concepts pulled from the ether, and this is no more obvious than in the casual games sphere, where the short playtime and plethora of choices generally require a certain degree of familiarity to quickly grab the player's attention. This is not meant as denigration; Super Newtronic certainly has its share of obvious influences. The fact that a designer is building on the backs of previous designs is precisely why it is so important to have “the hook” in mind from the very beginning—and to get it right. Your audience needs a reason to play your game, and if you don't have the resources to acquire a popular license or to compete with the aesthetics and technology of big-budget games (if you're like Late Story Studios, in other words) then you need something else to draw them in.

A common trap is to emulate traditional controls on the touch screen, usually with disappointing results—which is why we tried a unique approach with Super Newtronic: Just tap the screen to make a blast and draw energy lines to bounce the ball. This different approach to game-play not only gives Super Newtronic a unique identity but also makes it easy to learn and more intuitive to play, even for players who may not be intimately familiar with the genre. Our decision early on to take advantage of the iPhone’s unique features had a great influence on the rest of the development process and on the eventual final product, and it would not be an exaggeration to say that almost every facet of design was predicated on this basic idea.

The Custom Engine

Third-party engines have some advantages, but on a more limited hand-held device like the iPhone every processor cycle and every byte of memory counts. Developing a custom engine allowed us to keep a fast, consistent frame-rate even with a large number of objects in a real-time physics system. It also enabled us to add a lot of eye- and ear-candy like particle effects, parallax scrolling, and dynamically modified sounds. While the responsiveness and capability of the physics are the primary ways the engine makes the game fun, the extra effects are like icing on the cake and really help attract players.

It is also worth noting that having full access to the code, as well as intimate familiarity with it, makes modifications possible. Rather than working around existing paradigms in hidden code that may not be well-suited to our application, we were able to add features as we needed them, and
leave out those we didn’t. At the same time, we’ve been able to leverage our code-base for other applications, making it more of an investment.

The Art and Professor Newtron

The art was designed to be simple and iconic. This style serves the dual purpose of making things easy to understand and allowing the player to see the action in a variety of environmental situations. The latter cannot be emphasized enough. Because of the portable nature of the iPhone, planning ahead for visibility in both indoor and outdoor lighting is important. In both of these respects we feel the art was a success, making the action easy to understand and follow even in bright sunlight.

This aesthetic left the game feeling rather abstract, however. To combat this problem we decided to add a cartoon character that would help the player through the game. Professor Newtron guides the player through the tutorial, hands out awards, and, in the demo version, talks about the features of the full game. He adds a face and a voice, making it much easier to relate to the game.

What Went Wrong
The Difficulty Curve

Everyone involved with the production of Super Newtronic spent a great deal of time playing the game, testing, balancing, and just having fun. Naturally, we ended up being pretty good at it. When balancing the game, we were keenly aware that we were better than most people would be when they started, and with this in mind, we biased the difficulty toward what we felt was the easy side in order to ensure that it would not be frustrating on the normal difficulty level. We also set the game up to reward skilled players and to encourage dedicated play by offering unlockable content on certain difficulty levels.

This design ended up being a double-edged sword. While many players appreciated the challenge and structure of the game, others found the game too hard on the normal difficulty level. At the same time, many found the easy mode, with its lack of unlockable content, unrewarding to play. Additionally, the method we used for advancing through levels meant many needed to be played multiple times, and if players had difficulty with one of the levels, they often just gave up. Furthermore, despite the inclusion of an interactive tutorial, certain subtleties of the game-play were not effectively demonstrated, making the game even harder for some players. More play-testing with new players and a greater focus on providing a consistent challenge throughout all of the levels would likely have alleviated these issues.

Super Newtronic Game-play Evolution

Eventually we made an editor for creating the challenge levels, and it was at this point that the game really started to take off.

The Development Time of the Custom Engine

While the engine was key to keeping the game running smoothly and looking good, building it added significantly to the development time. Instead of focusing on the design we spent much of the early days just tweaking the engine to make it look and feel right. We are very happy with the final product, but there is no doubt that, had we been on a tighter schedule, rolling our own system may have been a less attractive option.

The Timing of the Tools

Early on, we made good progress on the game, but subsequently things started to stagnate. Much of the engine was implemented and many of the elements that made it to the final game were there, but the project just wasn’t moving forward. It wasn’t difficult for us to see where the bottleneck was. We had been entering all data for the levels by hand, making changes a chore and layouts difficult to create.

Eventually we made an editor for creating the challenge levels, and it was at this point that the game really started to take off. In retrospect, developing the tools as early as possible would have sped things up considerably, accelerating both final content development and testing. The editor allowed the artists and designers to test out new ideas and art assets, and it also provided a platform for finding bugs and optimizing code. Even though the tools themselves took time to create and the editor needed to be modified several times as specifications changed, the result was a tremendous net gain in productivity.
The development of Super Newtronic, despite its problems, amply demonstrates that with sensible planning and a dedicated team you can produce a competitive game even with limited resources.
When we looked at the numbers, we knew we had to try our hand at adapting *pure hidden* to the iPhone:

- More than 15 million iPhone units have been sold.
- 58 percent of all applications in the Apple App Store are games and the biggest category is Puzzle.
- The average iPhone user downloads nine games.
- 28 percent of iPhone users are women.

But here’s the thing: There are some 150,000 applications in the Apple App Store. So we knew we also had to find a way to stand out. Here are seven lessons we learned along the way.

**Lesson #1: Focus on Core Game-play**

iPhone players play very short sessions—about five minutes (compared to 20 minutes for PC sessions). To meet this need for mobility and immediacy, we scaled down the diverse range of game-plays and mini-games available in the PC/Mac version of our *pure hidden* and focused on the core hidden-object game-play. To encourage replay and competition, we included some variations (such as regular achievements and scoring).

**Lesson #2: Make Use of the iPhone User Interface**

When adapting *pure hidden* for iPhone, we wanted to retain the game’s strong points—the zen atmosphere, the accessibility, and the visual quality—while making maximum use of the touch-screen. We decided to make the navigation in *pure hidden iPhone* match the iPhone photo album, while iPhone OpenGL capabilities provides high-quality graphic experience and respects the work of *pure hidden* artists. The memory use has also been monitored carefully for the iPhone/iPod touch to work with more than 100 picture sets and interfaces.

**Lesson #3: Embrace the Social Possibilities of iPhone**

Infinite replayability, short sessions of play, rewarding scoring system—it’s as if *pure hidden iPhone* is designed for integration in social networks (which is why we will soon be launching a Facebook version of *pure hidden*). *pure hidden iPhone* already includes social features to meet current social habits such as sharing games and comparing scores with friends. This has been made possible by the better communication between iPhone, iPad and Facebook platforms.

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**By Frédérique Doumic**

Frédérique Doumic founded OUAT Entertainment (which means Once Upon A Time) with Sébastien Doumic in 1999. She now serves as CEO. OUAT Entertainment creates, designs and publishes casual video games for women and kids. Prior to founding OUAT Entertainment, Frédérique started as an auditor at Arthur Andersen and worked at French Public Television as a children’s programs manager. She received an MBA from the EDHEC business school in France. Frédérique can be reached at fdoumic@ouat-e.com.

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The pure hidden PC interface (left) vs. the iPhone interface (right)

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*Your top priority must be to provide your audience with a high-production-value game—consistent with the use, habits and tastes of iPhone users, both male and female.*
Lesson #4: Promote Yourself and Your Innovations
After being approached by many publishers, we ultimately decided to publish pure hidden on our own. Working through a publisher would have meant the outsourcing of relationships with Apple. We also preferred to retain control of Marketing, PR, testing and fine-tuning. The loss of 10 to 30 percent of our revenues was also a significant consideration. In addition, we seized this opportunity to self-publish for several other reasons. We wanted to:

• Learn and experience the major development platforms and game media by ourselves.
• Build relationships and maintain conversations with the community of pure hidden players.
• Control the distribution of our games to encourage the communication between platforms.
• Give our players the transparency they prefer when playing a single game across different platforms.
• Experience the direct interactions with the audience made possible by the social features.

Lesson #5: Optimize Development
Because OUAT Entertainment is a small company, in order to develop pure hidden adaptations we had to optimize tools and resources. For example, the use of transversal production tools eased the development of pure hidden iPhone by enabling a shared graphic production line—which allowed us to allocate only two people to the project.

Lesson #6: Be Prepared for iPad
It’s important to note right away that all games in the App Store will work on the iPad. Every game you already own for your iPhone or iPod Touch will work on the iPad. There is even an option to play them within an iPhone-sized window or to view the game at “double-pixel” so that it fills more of the 9.7-inch screen. Nevertheless, the iPhone and the iPad have different usability and particularities. Consequently, we’ll need to explore an additional adaptation of pure hidden for the iPad’s large screen and hardy processor, its multitouch gestures and accelerometers tilts, its excellent split-screen multi-player options, its 3D possibilities. . . .

Lesson #7: Be Ready to Update Your Game Regularly
The market evolution and the fierce competition require us to adapt quickly and to keep our games engaging and alive. Because of the indispensability of regular updates and the growing social dimension of gaming, we must consider the management of games not only as products but also as services.

Because of the indispensability of regular updates and the growing social dimension of gaming, we must consider the management of games not only as products but also as services.
THE WALLS ARE DOWN

SOCIAL & CASUAL GROWING TOGETHER

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On April 7, 2010, Apple announced Game Center for iDevices, calling it “Xbox Live for iPhone.” In almost real time, hundreds of @OpenFeint tweets flew by, texts landed on my iPhone, and e-mail inboxes started filling up with press inquiries at our Aurora Feint offices in Burlingame, CA. It seems Apple had just validated our business model, or (in the eyes of some) become a major competitor to our social gaming network OpenFeint. The press wanted the skinny and everyone from Gamezebo to CNN was calling. Why was Apple suddenly interested in this space? And why should you be interested?

About OpenFeint
First, let’s talk about OpenFeint. At the time of Apple’s announcement, OpenFeint had been in business for about 18 months. It had attracted nearly 23 million players and was installed in over 1,800 games built for Apple’s iDevices. OpenFeint is like Xbox Live meets Facebook for iPhone games. We’re now in games on over 25 percent of the 85+ million iDevices in the market. How did this happen so quickly?

OpenFeint is an embedded social platform for games on the iPhone. It offers three major sets of features:
1. Online Competition: OpenFeint connects players by sharing global, geo-location, game specific achievements and high score leader boards. Online competition is the Xbox Live part of OpenFeint and Apple’s Game Center.
2. Social Interaction: Chat, forums, favorites, and friends lists allow players to meet and interact directly with each other, leveraging tools like Facebook and Twitter.
3. Cross-promotion: A set of tools allows games in the network to market directly to players by getting feedback on games, sharing “more content from this developer,” or simply showing up in friends’ games lists. This cross promotion behaves much like FarmVille does on Facebook: You can see the activity of other players and friends in the network.

The Arrival of Game Center
From what we can tell, Game Center provides the online competition part of the OpenFeint feature set. To understand the true nature of this news, you have to first understand Apple, the App Economy, and Aurora Feint. Apple is, and always will be, willing to enter new business areas to control the quality and experience on their devices. (See their iAd announcement as a perfect example of this!)

The way I see it, they have every right to and they do a damn good job at it. The App Store is quickly growing, morphing, and reinventing itself as new businesses pop up overnight. Developers are constantly tweaking their business models, changing price points, offering goods for purchase in games, just to try to make the most money. All the while, the App Store is showing us that this new App Economy is the real deal. There is money to be made and everyone is getting in the game.

Game developers will spend the next few months trying to decode this and other follow-up announcements from Apple. Some might regret not learning about this stuff sooner, some (like us) will be excited that there is finally the prospect of a unified experience for iDevice gaming. OpenFeint was always intended as a de facto solution: We wanted to be the place players and developers would go. It seemed like Apple didn’t want to fill the void we saw, so Aurora Feint just built it! But now Apple has finally stepped in. No more fragmentation (a lot of competition has popped up copying what OpenFeint did on iPhone). And for us, there’s no more worrying about how to support all those developers and players for a basic online gaming experience. Thank you Steve Jobs!

Right about now, I’m guessing half of those reading this article might think we’re nuts. How can you be excited about this? Well, the reality is that running an online gaming system is expensive and it’s not a huge money-maker. What we and many others have recognized is that social freemium games are a very attractive business model and they are just as difficult to build on your own. So, in February

By Jason Citron

Jason Citron is Founder and CEO of Aurora Feint, and maker of award-winning games as well as OpenFeint, the largest social gaming platform on the iPhone and iPod Touch. Aurora Feint is backed by DeNA, the operator of Japan’s largest virtual goods economy and mobile social gaming network. Jason can be reached at jason.citron@casualconnect.org.

OpenFeint is currently available on the iPhone, iPad, and iPod Touch and plans on supporting Android later this year.
The Impact of Social Features on Mobile Gaming

2010 we announced OpenFeint X: Social Gaming Services, a platform designed to live on top of the OpenFeint online gaming network. X promises to deliver all the server technology needed to build and tune a social game, the same way OpenFeint built server technology for online gaming. So we swap in Game Center for OpenFeint and we continue our real focus on X.

The reason we’re excited about X is our belief that it’s a real opportunity to make money in this new App Economy. X will expand the current OpenFeint platform by delivering the technology needed to run social games. Virtual Goods Store, Virtual Currency Tools, Downloadable Content Management System, Game Telemetry (over-the-air tuning), and Performance Analytics will all be part of the next generation of OpenFeint technology. The first version of this technology was launched with the iPad in our game Aurora Feint 3. We’re slowly learning how to build this at scale internally and then move to a private beta. The first games will launch with X this summer using the technology on a revenue-share basis.

The Impact on Mobile Gaming

What does all this mean for mobile gaming? It means if you aren’t building connected, online features into your mobile games you are officially out of touch with players. If Xbox Live didn’t convince you, hopefully Apple’s Game Center will. Every mobile phone OS provider just got a wake-up call. Building online gaming experiences are now required features for smartphones. The good news is that there is still time to learn about this stuff if you haven’t done so already. Use OpenFeint if you like. We’ll make it easy to transition to Game Center when it’s ready, and in the meantime you can take advantage of what we’ve learned. We’ll even be on Android in 2010. Regardless of how you get there, the bottom line is you can’t just turn this stuff on in your game and expect it to work. You have to design your games with these features in mind. But that’s not all. Now that online gaming features will become a de facto standard in mobile OS’s, game makers will once again need to differentiate to compete.

We recognized this “differentiation paradigm” at Aurora Feint the day that competition for OpenFeint started to show up on iPhone. We realized it was just a matter of time before all games needed to have these features in order to be relevant. Players demanded them. Just look at a game review for titles that neglected to use these features. “Where is OpenFeint?” players would post in the comments. The player demand told us that it was time to start looking at the next big thing in mobile gaming. With our online feature set nearly complete, it was natural for us to start looking more closely at the Facebook part of our “Xbox Live meets Facebook for the iPhone” tagline. Facebook-style social gaming on iPhone = OpenFeint X.

Sure, we’re lucky; we share a common board member with Crowdstar, a leading Facebook games publisher, so we have an awesome resource to tap into. We also benefit from tons of data on the 23 million gamers using OpenFeint. We know that building freemium games is a great way to monetize games in an App Economy given the downward pressure on pricing. We know that achievements and leader boards are table stakes and are expected. Other features, like player challenges, in-game friending, content replays and sharing can drive engagement and interest in a title if implemented correctly. So we built OpenFeint X to provide new tools for developers beyond the online features in OpenFeint (and now coming in Game Center). Technology and game design approaches like these will create the next wave of great titles. As smartphones increase in popularity and horsepower, trust me: Gamers will demand even more. Get ready for the next wave!

Games that Use OpenFeint

**Bird Strike by PikPok**

- **Description**: Action-packed, fun 3D game starring Gerald, a cartoon-styled bird. Gerald rockets through an ever-changing obstacle course. Players compete on a variety of levels for high scores.
- **Features Installed**: Bird Strike uses a wide array of OpenFeint features including global leader boards, achievements, and Xbox Live-like presence. It also provides social features like chat and IM and cross-promotional marketing programs like Free Game of the Day. Incorporating these features into the game created a sense of competition among the players but didn’t dramatically affect the game-play. Players were able to receive real-time, in-game notices when they had unlocked an achievement or had passed one of their friends on the global leader boards.
- **Impact**: Promoting Bird Strike through OpenFeint’s marketing program Free Game of the Day resulted in over one million free downloads in just over three days. This created a large user base for PikPok’s next game upgrade and gave them a base of players to whom they could market other games in their portfolio.

**Jet Car Stunts by True Axis**

- **Description**: Ridiculously awesome 3D racing game with a challenging physics engine. Players race on a series of courses and compete against each other for the best score, which combines time and skill.
- **Features Installed**: Jet Car Stunts has an extraordinarily deep integration of OpenFeint features including global leader boards, achievements, chat and IM. Of particular interest is its innovative use of video replay. When players submit a score to the global leader board, they simultaneously submit a video of how they played that level. Now players across the world can watch how the best players beat levels and then challenge their scores at the end. Incorporating these features created a community among the players and dramatically changed game-play. Players were no longer just competing against the level. They were actively learning from others about how to get fast times and beat levels creatively.
- **Impact**: Jet Car Stunts was promoted to OpenFeint players through our Gold campaign. Players were engaged through a series of competitions that rewarded the most loyal players. During the month of the promotion, the title moved up to No. 5 on the Top Racing Games chart and was featured by Apple in its New and Noteworthy section.
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Legal Issues Around Social Games

Compliance and Contracting (Part One)

Perhaps it goes without saying, but when dealing with legal matters, nothing goes without saying—so we’ll say it: Even though this article may seem in many ways like legal advice, it isn’t; it is intended merely to inform you about certain legal issues that may affect your business. As always, we encourage you to seek out your own legal counsel whenever trying to determine how the law applies to you.

—ed.

Social gaming—on Facebook and elsewhere—brings with it its own set of legal issues. Developers and publishers that operate their games on or through third-party platforms and services need to know about important compliance and contracting issues that may affect their businesses.

In this issue of Casual Connect we would like to tell you more about user-data control, privacy law compliance, and competition law issues around social gaming. In a forthcoming issue we will treat the legal issues and rules regarding spam, viral marketing, misleading advertising, virtual goods, and gambling.

We take Facebook, and its Facebook Platform and Facebook Connect services, as an example here. But the issues discussed apply to other platforms and services in the social gaming space as well, all the more because the kind of services offered continue to evolve. For example, Spil Games recently announced they would start rolling out user profiling features on their casual portals, and OpenFeint for the iPhone is extending into virtual goods with its OpenFeint X. Such changes make the issues discussed here relevant, not only for those services themselves, but for developers and publishers that deal with any of the social gaming services.

Who Owns the User and Who Owns User Data?

When delivering a game through a platform like Facebook, you may find yourself fighting over your users and the data that they generate. Let’s consider each tug-of-war separately:

User Data—Converting gamers from playing- to paying-customer within a particular game, and then having them migrate from that game to another, is important to social game developers and publishers, especially with decreasing ARPU, shortening game life-cycles, and rising player acquisition costs. But that conversion generally requires access to the user outside of a specific game that they may play at the time. (“Like Dog-town? You’ll love Dog-ville!”) Who has access to the user, the platform owner or the game operator? “It depends,” is the lawyer’s answer. It depends on the terms of the platform operator, and on the actions of the game operator.

Facebook says in its terms ("Statement of Rights and Responsibilities") that you as a developer have to “delete all data you received from [Facebook] concerning a user if the user asks you to do so, and will provide a mechanism for users to make such a request.” It also states: “If you stop using [the] Platform or [Facebook] disable[s] your application, you must delete all data you have received from the Facebook API unless: (a) it is basic account information; or (b) you have received explicit consent from the user to retain their data.” This means that you (as the social games publisher) do not legally own any of this data—including a user’s e-mail address—and that you have no way of contacting the user independently of the Facebook platform (to advertise a new game, for example).

That is, unless you get some data directly from the users themselves—which is why operators such as Zynga offer incentives to players to give up personal data: in-game goodies in exchange for a functioning e-mail address, for instance. This is data that the game operator collected independently from Facebook; data which would not be covered by the Facebook terms. You are free to use this independently-collected data to create value for your company and for (potential) investors (provided you comply with applicable privacy law when collecting and using the data, that is. More on that below.)

User Meta-data—It is useful to have personal user data such as an e-mail address, but it is potentially even more useful to have user meta-data that may be used for user-profiling and general usage...
Legal Issues Around Social Games
Compliance and Contracting (Part One)

profiling. (For example, this data would allow you to provide more targeted offers and advertising, or to even improve the game-experience.) For Facebook, this may include information that you have obtained through the Facebook Open Stream API.

There are limitations in the Facebook terms on storing data from Facebook permanently. And these limitations are always subject to change, inasmuch as the Facebook terms change from time to time. For example, there used to be a limit on storing most data more than 24 hours, but the Facebook terms now state that “you may cache data you receive from the Facebook API in order to improve your application’s user experience, but you should try to keep the data up to date. This permission does not give you any rights to such data (including the right to transfer) absent explicit consent from the users who own the data.” In addition, there is a limitation on harvesting data outside of the normal operation of your game. But there does not appear to be a limitation on applying your own set of rules on this raw data on the fly and storing the result permanently, with some kind of linking between it and the (non-Facebook) user data. (Note: The Facebook terms change in almost real time. The version we looked at is dated 21–22 April 2010, with further changes dated 26 May 2010.)

So, while the level of intelligence that you may be able to extract from a platform or service may be limited by the code (the limitations of an API, and the fact that you only partially see the user’s social graph), it is less likely to be limited by the terms and conditions. Keep in mind, though, that as meta-data becomes more important these limitations and allowable extractions may yet change.

In conclusion, you are very likely free to use meta-data that you extracted from raw platform user data obtained in the normal operation of your game—provided, again, that you comply with applicable privacy law.

Who Has to Comply with What Privacy Laws?

If Facebook complies with privacy laws, you as a game operator on Facebook don’t need to, right? Well, no—for two reasons:

If Facebook complies with privacy laws, you as a game operator on Facebook don’t need to, right? Well, no.

Platform Policies—First, the short one: Facebook demands that you have some sort of published privacy policy. The terms dictate: “If you collect information from users, you will: obtain their consent, make it clear you (and not Facebook) are the one collecting their information, and post a privacy policy explaining what information you collect and how you will use it.” It also states: “You will have a privacy policy that tells users what user data you are going to use and how you will use, display, share, or transfer that data.”

Privacy Law—The longer reason you should be concerned about privacy laws is this: Depending on what kind of user data you collect, and how you use it, privacy law applies and you need to adhere to these regulatory requirements.

But why, you ask, if Facebook already presumably complies with privacy law? Without digging too deep into the history of law, the short explanation is that each and every party dealing with private data has to comply with privacy laws, even though the standards may vary depending on what you do with the data and where you are located. There are no global standards for privacy protection. Also, the EU does not generally consider the United States a safe place for personal data. In contrast, the United States has much stricter rules for kids (embodied in the Children Online Privacy Protection Act or COPPA for short). And within the EU you have to comply with both EU regulations and your own national law. The national laws are supposed to be harmonized, but they aren’t completely harmonized. Still, while privacy laws vary, privacy policies can be drafted in a way that they work in most jurisdictions. But beware of just copying a policy: Quite a few are poorly drafted and do not fulfill legal requirement, and a good policy needs to reflect what the game operator actually undertakes with its games. This applies all the more if you independently collect personal data from users, as we have suggested you do for strategic reasons. So, get a privacy policy tailored to your games and business, publish it, and stick to it.

What if Facebook Kicks Me off Facebook?

Facebook can push out a change in the behavior of their platform, enforced by its terms, and a game publisher may suffer from it, iterative game-design or not. (Although there are new services, such as Heyzap, that allow for games to have a more loose interaction with Facebook users through Facebook Connect.) But since Facebook controls its own platform, and has (like almost all terms of use) one-sided terms of use that give it maximum discretionary power to make such changes, there is little that you as a publisher can do, right? Well, if European law applied to the terms, limits would be placed on terms of use that are too one-sided. But, in the relationship between Facebook and the games operator, U.S. law applies. And U.S. (state) law generally considers terms of use valid even when they are one-sided. But help may come from another body of law: antitrust law. Antitrust law prevents dominant companies from abusing their market position. This means that dominant companies have to treat their business partners equally, must not apply wildly different commercial conditions from the one to the other, or throw games or operators off their platform as they like, all unless they have a very good reason to do so. But is Facebook a dominant company? If you look at the market share and at who owns the user data the conclusion is likely to be: Yes, Facebook is a dominant company.

But should you be the one to litigate this issue, if your local competition authority does not act on any abuse? Perhaps not, unless you are too big to be kicked off Facebook, or you believe that you can do without them just fine while dealing with years of litigation and the PR (good or bad) that comes from suing a popular giant. However, a carefully drafted letter to Facebook indicating that you understand antitrust law may well bring them back to the table. Large companies should heed the warning from the fines assessed to Microsoft—fines which ran into the hundreds of millions of Euros—and take antitrust law seriously.
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Keeping It Real

The Top Online Gaming Scams and How to Prevent Them

As one of the fastest growing industries, online gaming has become a target for malicious programs, cybercrime and many forms of online payment fraud. In fact, online gaming fraud has increased by 145 percent over the last few years, and 30 percent of all online gamers say they have fallen victim to some form of fraud during their gaming experience.

Common Occurrences

There are a variety of reasons that online gaming companies have seen a significant increase in fraud. Here are just a few of the most common forms of virtual fraud that may threaten your business:

• Cyber-criminals use a variety of tactics to acquire user names, passwords and personal data. Their methods include key-logging, Trojan viruses and phishing tactics. For example, after a gaming account has been compromised, attackers drain a user’s account and quickly convert virtual currency into real currency.

• A common IP address trick used by foreign online fraudsters is to create or highjack an account to gain a legitimate, untainted IP address in the U.S. Cloaked by the U.S.-based IP address, the attacker then uses the account to make fraudulent purchases.

• Criminals use gaming sites to test or “taste” their inventory of stolen credit cards. Credit card authorizations for many online games are instant, giving fraudsters real-time feedback as to whether the stolen credit cards are legitimate or have been placed on a watch list. Game publishers may find themselves in breach of strict credit card fraud or chargeback limits.

• Over 50 percent of online gamers today engage in virtual goods and services trading—in other words, bartering virtual goods for other virtual goods, tangible goods, or services. This presents an ideal fraud opportunity for hackers. As the number of methods for trading increases the risk of theft also increases. Some methods of trading now include direct transfer, trade window, dropping, in-game mail or an in-game trading tool. Each method creates another point-of-entry opportunity for the hacker.

• Many games today have some form of user-to-user interaction, whether through the use of avatars, shout boards, video cams, instant messaging or other forms of communication. Often the user’s computer is hostilely taken over and controlled by the criminal. Once a computer is infected and recruited by a botnet, it is then vulnerable to an array of malicious activities, including click-fraud scams and fraudulent credit card use.

Protecting Your Business

There’s no shortage of ways for a hacker to penetrate a game. So, what can a game publisher do to protect his business and clients? Game publishers would be wise to consider deploying a fraud detection solution that operates in real time for constant, 24/7 monitoring of its gaming environments. A real-time solution integrates seamlessly and directly into the system, monitors every transaction made, and actively identifies and alerts the business to potential fraudulent activity. A system with intelligent, actionable risk management tools will help guide you to build a program with...
the customized settings best for your business. An additional best practice recommendation is to implement a series of controls, such as limits on new-user spending and top-ups.

Transaction-level monitoring is another safeguard for game publishers. The technique ensures that game publishers validate every transaction that occurs; not just the first transaction, not just at a certain time of day or week, and not just certain types of purchases. Cyber-criminals are stealthy in determining the most opportune time to attack a business, and they'll often wait to let an account mature before using it for fraudulent purposes. A strong risk management solution should assess and validate new accounts, authenticate returning users, and evaluate and authorize all payments and top-up transactions.

Proxy detection is one of the key ways in which businesses can work to distinguish legitimate users and transactions from suspicious users and transactions. Cyber-criminals are continuously creating new methods to cloak themselves and bypass proxy detecting tools, so using a product or service that consistently improves its tools to stay ahead of the criminals is a must. Relying simply on an IP address will always leave you two steps behind cyber-criminals, inasmuch as IP addresses are easily disposable. Keep in mind that sophisticated hacker technology is available through one-click websites, even for novice thieves.

In addition to proxies, detecting anomalous IP locations is critical. Many companies are aware of or use some form of basic IP geo-location. But most IP geo-location tools cannot identify an undetected IP proxy, such as an IP address which appears to be located in San Francisco but is truly located in Indonesia. A vigorous IP geo-location tool will scrub and evaluate more subtle indicators of fraud like languages, fonts the computer uses, and whether the time zone of the computer matches the country in which it is located.

Cyber-criminals will try to alter a device’s credentials or information in order to create fictitious accounts. Criminals will change data such as e-mail, user names, address, sex and age to fool systems. A risk management system must have the ability to identify the true user by generating a unique device fingerprint that is still tolerant and sensitive to possible IP address and browser usage changes. It is wise to acquire a risk and fraud management system that can detect unusual patterns in device behavior.

**Conclusion**

The unfortunate reality is that cybercrime and online theft have become a prevailing problem in online gaming. Fraud and risk management should be a priority of every gaming publisher to help protect its business, its customers and the overall reputation of the industry. And size of business does not matter. In fact, emerging and mid-size gaming companies have become a greater target due to their limited fraud-detecting tools.
Putting the Money Where the Mouse Is
Leveraging Social Platforms as a Monetization Engine

What a difference a year makes—particularly a year in which the “fastest growing anything ever” hits the casual games market like a hurricane. The social networking phenomenon has forced the industry to break from its traditional models and move to where the players are—primarily Facebook. A destination site alone can no longer compete with the acquisition and retention power of Mr. Zuckerberg’s juggernaut. Yet for many in the casual games world, the migration to social platforms left out a critical element—an effective business model. Where there’s traffic, there’s money, but the trick is finding a business model that works in the new paradigm.

Going Where the Gamers Are

When it comes to monetization, game developers have historically focused on creative game design. The question now is how to make money from the social content, as opposed to a premium feature set within the game. Power-ups, add-ons, and other micro-transactions don’t always take full advantage of the new gaming landscape. While our games can benefit from sophisticated mechanics, we believe that the social element is at least of equal value. That’s why at GSN we have focused on enhanced competition and prizing.

We’re taking what we’ve learned in the last 10 years managing micro-transactions and consumer experience and applying it to the social networking arena. Competitive games are the foundation of our expertise. Take our top performing title, Solitaire, as a prime example. With the release of Solitaire Pro on Facebook, we’ve taken a game with a decade of sustained popularity and opened it to an unlimited audience of potential players. Solitaire Pro offers fans the ability to play for free or challenge their friends for real cash prizes. The ability to withdraw winnings from interactions on a social networking site is novel, and it brings an entirely new experience to the Facebook user. Just as the industry has done in the download space for years, we’re launching vetted titles and mechanics on a competitive platform to differentiate them in the market. Players love to compete in their favorite games: We see this in daily transactions and growing lifetime values. The Facebook platform allows developers to take games with proven popularity and deliver them to brand-new audiences.

Cross-Site Rewards Leads to Cross-Site Traffic

With few exceptions, the micro-transaction business accounts for essentially two percent of our customers. Their spend is healthy, but since the revenue funnel doesn’t change shape, we have focused on opportunities to monetize the other 98 percent. Providing a cross-site rewards program, we’re able to drive up the bottom line without being fully dependent on cash play. Oodles, GSN’s redeemable rewards, are the centerpiece of this process, and we anticipate that virtual currency will add to the stickiness of several of our social games.

Dumbville, an original Facebook game, is an Oodles-based application designed to drive traffic back to GSN.com. The game platform features...
The Debate Over Hardcore Female Gamers

Beginning to Bridge the Gender Gap

As I prepared for my GDC panel entitled “Are Women the Next Hardcore Gamers?,” I found it impossible to ignore the often heated reaction to the term hardcore. When Wanda Meloni mentioned the topic in an online post titled “I will be speaking on a panel at GDC... Are Women the New Hardcore Gamers?,” her post sparked pages of debates, opinions, theories, and responses, only furthering my astonishment that a title alone could ignite such a strong reaction.

Why does the term hardcore connote so much when used in association with women gamers? What does this mean for women gamers and should we really care whether or not we are considered hardcore?

Defining Hardcore Gamer

It is important to attempt the definition of hardcore gamer before a deeper discussion can be fully explored. First, I believe we must separate hardcore games from hardcore gamers. In this article I will explore only hardcore game players (gamers). Defining hardcore gamer is not an easy task. According to Wikipedia, “there is currently no unanimously agreed upon definition for the term.” With that in mind, I have aggregated the most common definitions to clarify who and what we are discussing.

Definition of a Hardcore Gamer: A person who spends significant leisure time devoted to playing video games and expends a significant amount of effort learning the intricacies of games for maximum performance.

Why It Matters

With a definition for hardcore gamer in mind, we now need to understand why this term is deemed important by taking a look at what influence the “hardcore gamer” has on the market as a whole. As defined in Crossing the Chasm, any market can segment its customers into innovators, early adopters, early majority, late majority and laggards. There are critical gaps to cross from each group to the next in order to achieve success. No market exists without this life cycle, and each segment must be addressed and each gap crossed in order for any product to become successful.

Where does a hardcore gamer fit in to the customer adoption spectrum? The characteristics of hardcore gamers match closely with the characteristics of early adopters. They are vocal customer segments that push the limits of products and games, and they share critical feedback with the developers. Their expectations are high for how the product or game will match their needs and desires, and when their expectations are met these people become important and meaningful advocates.

Ultimately, in any market category, advancement to the next, larger stage of mass adoption (early majority) cannot be achieved without satisfying the early adopters first. Thus, satisfying the hardcore gamers is critical within any game type or genre before the game can reach the next mass wave of customers in the adoption cycle. Thus, the term hardcore gamer is a valuable label since it connotes that this group has power and influence over the success of a game.

The Gender Issue

If the meaning and influence of a hardcore gamer is defined as above, then why does connecting the term to women cause so much debate? In part, it has to do with the sorts of games that women typically play. (continued on pg. 67)

By Shanna Tellerman

Shanna Tellerman, founder and CEO of Wild Pockets, is singularly focused on breaking down barriers in the game industry from every angle. Wild Pockets is a free, crowd-sourced 3D game platform for the browser with an integrated community for game developers. Shanna brings a breadth of experience, from product manager and designer, to her current role as CEO. Previously Shanna worked for Electronic Arts on The Sims 2. She has also researched and co-authored papers on various topics in games, is a frequent speaker at gaming conferences, and a strong advocate for women entrepreneurs in technology. Shanna can be reached at shanna.tellerman@casualconnect.org.
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Putting the Money Where the Mouse is

Leveraging Social Platforms as a Monetization Engine

Timed IQ-style trivia, mini-games, and puzzles. The addition of new levels will keep players engaged and increase the game’s viral component. The game pits players against their friends to see who’s smarter (or dumber) in a race to complete levels and win Oodles. A player not only wins Oodles for answering questions correctly, but also when friends on their leader board get answers wrong. The social nature of the game is what can excite players and keep them coming back for more. Oodles—won on Facebook, but redeemable only on GSN.com—entice fans to sign up for accounts on the GSN destination site. We then earn revenue through a combination of premium advertising and tournament fees. By integrating a spendable currency into game-play, we’re developing a social network connection to GSN.com.

Ultimately, we believe that competitive entertainment and social gaming are synonymous. Consequently, we view the social networks as a huge opportunity to present competitive casual gaming to a far larger audience than ever before. Social games hurricane? Bring it. We’ll ride the waves.

Ultimately, we believe that competitive entertainment and social gaming are synonymous. Consequently, we view the social networks as a huge opportunity to present competitive casual gaming to a far larger audience than ever before.

The Debate Over Hardcore Female Gamers

Beginning to Bridge the Gender Gap

The data is clear that men and women tend to play different kinds of games. According to a study by PopCap Games, the average female social gamer is a 43-year-old woman who plays more frequently than men. At the same time, Nintendo of America reports that 74 percent of console players in America are male. There are, of course, men who play casual games and women who play hardcore games—and there are also gender-defying genres that span both audiences—but for the most part, the common stereotypes hold true.

Hardcore Casual Gamers

The root of the turmoil caused by calling women “hardcore gamers” may actually be the question of whether or not hardcore gamer can be applied to the genre of casual gaming. Casual games are generally more accessible and practical in terms of time and learning curve, so it can be difficult to see where the term hardcore might even apply given the definition. If we take a closer look at social and casual gaming, however, we will find a “hardcore” contingency within these games as well—despite lower barriers to entry and fewer demands on time and money. Players that adopt a casual game early spend large amounts of their leisure time playing and working to learn the intricacies of the game. These players are often the initial cause of “viralty” in casual games, and they serve as a benchmark for what can be achieved. Without the hardcore gamers in casual and social games—the early adopters—these games would not have been able to cross over to mass adoption or to reach such an extremely high level of success. These hardcore gamers are the ones responsible for driving adoption, pushing the limits of the games, showing other players what is possible at higher levels—and they often drive the majority of the revenue.

As a case example, without hardcore gamers playing FarmVille, the popularity of the game would not have grown so quickly, and the next wave of adopters, the early majority, would not have had the incentive to join the game as well. Although these players may not identify themselves as hardcore gamers, they certainly match the definition. In fact, FarmVille players have gone above and beyond in pursuit of success in the game, spending countless hours learning the intricacies of the game, building out their farms and competing to have a better looking farm than their neighbors. Cathy Hinz—a 50-year-old grandmother referred to as a “FarmVille power user” by MSNBC.com—has reached level 58 and spends at least two to three hours per day on FarmVille. As a true early adopter, she is responsible for having hooked her daughter, her grandkids, and even her self-identified gamer husband. There are even support websites that have popped up for players such as FarmVilleFreak.com and FarmvilleFanatic.com that guide players in their pursuits and coach them when their gaming gets out of hand.

Cathy Hinz and her husband are both gamers—hardcore gamers, by our definition—who sometimes play the same games (witness FarmVille). But in all likelihood they would describe their own playing habits quite differently. “Hardcore” behaviors notwithstanding, women such as Cathy Hinz may prefer not to think of themselves as “gamers” at all—much less “hardcore gamers.” Their male counterparts, on the other hand, may see the term as a badge of honor—a badge earned by playing “real games” on the console as opposed to the more “frivolous” fare preferred in the casual games industry. Consequently, is it any surprise, really, that calling women casual gamers “hardcore” sparks such spirited debate?

Conclusion

It is clear that, by definition, hardcore gamers are an important segment in both the social casual and the console gaming market. They are a key part of the equation for creating a successful game in any genre and for bridging the game from the niche to the masses. But perhaps a new term should be selected that identifies “hardcore women gamers” in a way that they would also use to describe themselves.

Or, perhaps the barriers will continue to break down in every direction—men playing more casual games, women playing more console games, and everyone playing mobile games, tablet games, TV games, and so on. The future I hope for is one in which being described as a “gamer” is not so unusual for women, and the jump to identifying oneself as a “hardcore gamer” would not feel so extreme no matter what the genre might be.
The arrival of summer brings more competition for our leisure time than ever. On a hot day, the allure of a cold treat is as compelling as leveling up your farm. It is just too nice out to play three more levels of your favorite game.

As you are ordering from your favorite family creamery (Fenton’s in the Bay Area, Full Tilt in Seattle), consider the parallels between ice cream and our casual game space.

Neapolitan

Neapolitan ice cream is not really a choice. It is a distinct non-choice. Likewise, too often when a game is being made, designers try to avoid choosing for the user by presenting a muddle of options. Why do so many developers try to churn out Neapolitan rather than trusting their instincts and focusing on the best flavor for the game?

When it comes to design decisions, you are the expert; make the best choice for your game. Too often, games leave too many options for the user to sort through and decide. There should be plenty of interesting decisions in a game; crisis points that drive the action and narrative. But why confuse the user with tedious choices that you, the game creator, did not care to refine for them? If users have chosen to play your game, you should not need to dilute your core design with a blend of mediocre options.

Pick the optimal path for the players to experience the theme and gameplay of your game. Trust your product and do not try to please everyone with Neapolitan—at the risk of pleasing no one at all.

Vanilla

Vanilla comes from a rare and very expensive tropical orchid. It is difficult and labor-intensive to grow, pollinate, and harvest the vanilla. Further effort is required to ferment the flavorless pods into a spice that is rich and complex in its aroma and flavor. The results sell for up to $300 a pound. Fortunately, a little vanilla goes a long way, as bakers and confectioners can use only a drop of vanilla to elevate their sweet treats. It is even used to make chocolate taste better! Nevertheless, even though vanilla is rich and exotic, the word vanilla is often used pejoratively: plain, white, regular, boring. Vanilla.

All of us are in the casual and social game business, which is by definition mass-market. And the masses have spoken: They love vanilla.

On behalf of Exent, I program the Games on Demand lineup to delight and entertain the entire family (we have a broadband connection to the family PC). And if you tracked our top games over the past three years, you would see that six of our top ten games are perennially match-three games. Why? Because people really like to play (and replay) puzzle games. Since our service tracks game-play—and thereby royalties—by the minute, our mass-market audience is voting with their game-play. We have a huge catalog of 1600+ games, and there is something for everyone, but we are OK with letting vanilla be vanilla.

Embrace vanilla. Use it well, and it is the best-selling flavor. Make a “vanilla” game, but make it with skill and care, and you can have a mass-market hit.

The 5 Most Popular Ice Cream Flavors

<table>
<thead>
<tr>
<th>Flavor</th>
<th>Percent Preferring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanilla</td>
<td>29%</td>
</tr>
<tr>
<td>Chocolate</td>
<td>8.9%</td>
</tr>
<tr>
<td>Butter pecan</td>
<td>5.3%</td>
</tr>
<tr>
<td>Strawberry</td>
<td>5.3%</td>
</tr>
<tr>
<td>Neapolitan</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

(Flavor, percent preferring. Source: International Ice Cream Association)

THE 5 MOST POPULAR ICE CREAM FLAVORS

By Rick Marazzani

As Director of Content and Programming for Exent, Rick Marazzani surveys the gaming industry to license and promote the games that most effectively engage and entertain the company’s customers. Previously, Rick worked for some of the top game companies in the industry, including Broderbund, Maxis/EA/Pogo, Digital Chocolate and Hands On Mobile. He has worked with some of the biggest multimedia brands and franchises including EA Sports, Hasbro, Mattel, SimCity, The Sims and Monopoly. As a co-founder of the development studio iQ212, Rick continues to create original game brands across Web, mobile and PC platforms, including Emotions, Redneck Huntin’ and Fours of Nature. Rick majored in Anthropology at UC Santa Barbara, where he minored in playing games in the Unix lab. He can be reached at rick.marazzani@casualconnect.org.
Neapolitan ice cream is not really a choice.
It is a distinct non-choice.

Cherry on Top
In ice cream, and in life, more people prefer vanilla than any other alternative. More people prefer a single flavor than Neapolitan. That being said, there is room for bold new flavors to attract attention and gain market share. Confidence in your expertise will be rewarded by players who come to trust your judgment and play more of your games. When making a game, boldly narrow the best options for the player. Most of the time that will be vanilla, but some will dare to offer Bacon Crunch. ■

Pickle Crunch
Neapolitan is a non-choice, and vanilla is a safe choice, but there is also room for bold choices. There are some crazy ice cream flavors out there. In Japan, they serve eel flavored ice cream, in California you can find garlic on the list of flavors, a Delaware creamery makes Bacon Chunk, and in Martha’s Vineyard you can get Lobster Scoop.

It takes a terrific palate and refined skills to create bold selections like these. Made by the right hands, these flavors go from gross to gourmet. As in most things, but especially with bold choices, less is often more. When Thomas Keller serves English Cucumber Sorbet at the French Laundry, his famous Napa restaurant, he serves it by the spoonful, not by the pint.

Similarly, you should take care that your daring choices in theme and game-play still fulfill the basic requirements of quality and fun. Shabby execution results in an off-base, disposable Web game that no one wants to play. With good execution and a little luck, your novelty can achieve viral buzz, like Obama Tower Defense. Then at the gourmet level, you have Ferry Halim’s projects at www.orisinal.com. Simple, bold, elegant, artful, refined games—though without mass-market appeal.

Sometimes when you mix bold originality with mass-market sensibilities, you get a hit. Think about this: smiling flowers and the walking undead. If it had been attempted by lesser talents, it would have been a forgettable NewGrounds game that made twelve dollars. Instead, PopCap’s Plants vs. Zombies is a bold, original, mass-market hit that appeals to the Steam gamer as much as to the Wal-Mart shopper. The very boldness of the game is the key to its success. It believes in itself—so much so that the name is the game mechanic and the theme. Boldness must not be meted out in half-measures. Plants vs. Zombies boldly says what it is, is what it does, and does what it says.
Monetization

Paying Can Be Fun
Acknowledging the Most Important Interaction Between Seller and Buyer

Online businesses spend untold billions each year on high-end website design, on search engine optimization, on software and infrastructure to accept credit card payments. But stunningly, many of these organizations reserve the smallest portion of their budget, and the least creativity, for the checkout process itself—the sole customer interaction that actually transfers cold hard cash from buyer to seller.

The Problem: Checkout Is So Boring
Imagine this situation in real life. You walk into a clothing store. There is a crew of “associates,” carefully folding clothes and laying them out attractively for you to find. Others will help you find the right size, and still more will ensure that a fitting room is available for your use. You make your selections and proceed to the checkout to make your purchase... only to discover there is a long line—because only one person is behind the counter.

If this hasn’t happened to you lately, we would like the address of your local shopping mall, because it seems to happen every time we leave the house!

All those associates moving around the store are maintaining the aesthetics of the environment. They ensure that the customer experience during the shopping process is positive—attractive, well-organized and designed to guide the customer to the items the store particularly wants to sell.

Sound familiar?

Many organizations who sell online find themselves in the same position—though they may not actually know it. Consider your own website: Chances are, a professional designer was used to ensure an attractive, pleasant experience. Chances are your business spent time and money organizing your offerings in a way that makes browsing logical and clear. And chances are, you designed a browsing experience that highlights the “Special of the Week.”

But how much time and effort was dedicated to optimizing the actual checkout experience? If your business is typical, it was probably the smallest investment of all.

What We Know About Checkout
It turns out we know a great deal about customer behavior when an online checkout is involved. Some of the key things we already know are:

• Customers not offered their own currency, language and local payment method are as much as 79 percent more likely to abandon the purchase process.
• A checkout without “Secure” badges is likely to convert at a 25 to 50 percent lower rate than one that includes them.
• A checkout that has the same look-and-feel as the source website will convert almost twice as well as one that is generically designed.

A checkout that has the same look-and-feel as the source website will convert almost twice as well as one that is generically designed.

What We Should Know About Checkout
Defending against the most obvious errors is, not, however, a strategy destined to do much more than hold back a rising tide. Instead, there are relatively simple actions we can take to not only reach a product’s potential, but to exceed what we originally thought was its upper boundary. Based on the millions of transactions that run through the Plimus platform each year, I can strongly recommend:
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- Partner with iWin and reach over 6 million players on Facebook
- Distribute your game on iwin.com and reach over 5 million casual gamers
- Bring your game to multiple platforms and distribution channels!

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Kanzaloo, the new Premium Micropayment Solution from ATLAS Interactive. Instead of us telling you how great our service and products are read what some of our clients have to say...

"ATLAS Interactive has been our payment provider since our very first hour. Their product portfolio, market knowledge and their reliability makes ATLAS Interactive one of our most important partners."
- Heiko Hubertz
Bigpoint

"ATLAS Interactive has become one of the most important partners in the field of Premium SMS for UpJers GmbH, within a very short period of time. Especially the quick response time and the outstanding customer service, we can't think of our portfolio without thinking of ATLAS Interactive."
- Sebastian Teuber
UpJers

"With ATLAS Interactive we can offer our gamers an easy to use, safe and secure payment system with a customer friendly attitude."
- Michael Zillmer
InnoGames

"ATLAS Interactive offers us a safe and secure payment system with fair conditions and brilliant service."
- Stegan Jansen
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Paying Can Be Fun

Acknowledging the Most Important Interaction Between Seller and Buyer

- *Always, without fail, offer a promotional item alongside every sale:* Even if you’re simply offering a trial download, a customer is more likely to accept an offer from you when they’re already purchasing something.
- *Always, without fail, advertise on the “processing” page:* Whatever service you use to process credit cards, there is going to be a page showing while the card is validated—this is the best advertising real estate on the Web, and represents your best opportunity to continue the buying relationship.
- *Always, without fail, deliver value on the “thank you” page:* First, eliminate steps to activating the product (see below); second, offer a trial download, a coupon for future use, or something that entices the customer back. The best time to start selling the next deal is right as the current one closes.

**But Can Checkout Do More?**

Of course, the above steps assume a very traditional approach to selling online: attract buyers, bring them to the checkout page, take their details and approve their cards. We’re moving, though, into the world of e-Commerce 3.0, where the customer can be sold anything, anywhere. In the world of social media, studios are now breaking through the fourth wall and actually making checkout fun.

Imagine playing a virtual, social media-based card game. You run out of chips and want to buy some more. You might expect to click a button that opens up a new browser window and drops you into a classic checkout experience. But this is boring. Instead, when you click the button to buy more, the Flash game experience you’re in flips over to “The Cashier,” a properly-animated character of the game who interacts with you as you provide payment information. And if you’re back for a second or subsequent purchase, he simply checks in with you to make sure you want to use the same credit card as last time.

All of a sudden, paying is as much a part of the immersive gaming experience as seeing the cards shuffled or the deal made. At a simplistic level, by making The Cashier entertaining, we make paying an appealing part of playing.

This is a classic move in the entertainment business. It’s directly analogous to the moment when Las Vegas realized that by creating good-looking chips they could encourage patrons to take them home—and leave their money behind.

**What About Outside the Social Web?**

Granted, not everybody is selling in the Social Web, but everyone has the opportunity to develop that checkout experience into an integral part of the relationship between buyer and seller.

For the seller of installed games, start with the process of converting from trial to paid customer. The customer should have a simple page to fill in which matches the graphical look-and-feel of the game they’re buying; and once they’re done (as quickly as possible), the game should simply activate without any manual intervention. By eliminating that copy-and-paste of serial numbers, you open some space to introduce a payment experience—perhaps your own, catalog-wide version of The Cashier.

But let’s go another step further. Now that your customer has bought one item from your catalog, you want to make sure that you can introduce new offers through the first game; and that, the next time that customer wants to buy, you identify her and let her use the same credit card. Just because it’s another game doesn’t mean you can’t offer the same frictionless experience she’s starting to enjoy on Facebook.

**Aspiration Versus Reality: You Need To Be Doing This Today**

This isn’t a pipedream—it’s technology that’s in the marketplace already. For instance, our partner Yummy Games is now offering a one-step “Pay-and-Play” wrapper solution whose interface completely matches the visual experience of the underlying casual game. Similarly, we’re working with a Web 2.0 startup to provide cross-website purchase accounts, allowing users to access the same “wallet” for one-click purchase with multiple content providers. A third partner is building a common, Flash-based, checkout that will span multiple Facebook social games for a branded, recognizable, frictionless impulse-purchase process. Each of these partners is making buying fun, frictionless and natural.

Why aren’t you?
As casual and social gaming has begun attracting a mainstream audience, publishers and developers have experimented with a number of monetization tools. Over the past year, offer-based payments have emerged as one of the most popular and effective methods, and when implemented correctly, they can keep users happy while driving profits to the bottom line.

Offers are a simple concept: When a user is unsure about buying a product from Company A, offer him the option to buy something from Company B instead and give him Company A’s product if he does so. Both companies share the revenue and the user gets two products that he wants or needs. That basic formula has worked very well in the gaming industry, but the truth is, it can work even better. Having observed offer-based payments in the gaming industry from the beginning, I’ve identified a few best practices that publishers and developers can employ to optimize their offer strategy.

#1—Put the Users First

Without users, there’s really no reason for your game to exist—so it’s important to keep them in mind with every decision you make. Ask yourself: Do the offers you provide deliver value to your users? Or, is completing an offer just a necessary evil for someone to obtain your currency, coins, or other goods?

Remember that each offer you present is a direct reflection on your own brand. Offers that aren’t relevant or valuable to your users diminish the user experience and damage the quality of the leads you send to your advertisers. It’s important to understand and respect the ecosystem because the best advertisers choose channels that drive customers with a high lifetime value. If an advertiser believes your traffic is low quality, it will stop displaying offers through your games. Sending high-quality traffic will attract premier advertisers—and the best way to ensure quality is to put the users first.

#2—Audit the Inventory

While keeping the user in mind, consider your offer inventory and what advertisers you want to associate with your brand. Offers that trick users into divulging personal information or signing up for subscription services without their knowledge might be a cash cow for short-term revenue, but they can significantly hurt your brand.

To carefully vet the offers being presented to your users, be sure to work with a provider that has direct advertiser relationships. They have much more control over what’s presented to your users than inventory that comes from a third-party ad network. Plus, large advertisers who want to protect their own brands are more likely to work directly with offer companies to enable them to retain better control over where and how their names are used. Featuring offers from bigger brands also can increase the probability of conversion because users are more likely to transact with brands they know and trust. If that’s not enough, cutting out the middle man by using direct relationships usually means higher payouts as well.

Once you have a good handle on where your offers are coming from, take a closer look at offer targeting. This can involve sophisticated analytics based on what you know about your users, but it can also be as simple as featuring the right products at the right time.

For example, Valentine’s Day is one of the floral industry’s biggest seasons. In fact, nearly one-third of all adults purchase flowers or plants for the holiday. Think of it this way: One out of every...
three people playing your game in the weeks leading up to Valentine’s Day already have plans to buy flowers. Why not feature offers from floral companies to capitalize on the opportunity? Playfish has done this quite successfully, and in the first two weeks of February 2010 flower sales accounted for half of all revenues in the popular game Pet Society, which included some 60 million virtual items sold.

The important thing to remember here is that Valentine’s Day is just one example. There are 365 other days in the year—some holidays, some just regular days—and each of them presents the opportunity to drive sales by leveraging seasonally-related products. Applying some creative thinking, forging new partnerships, or working with someone who can help you create those partnerships can go a long way in strengthening sales all year round.

#3—Think Beyond the Payment Page

Once again, it all comes back to user experience. People are interacting with your game because they want to play—don’t make them leave. Think about where your offer wall resides, and consider using a payment overlay on the game screen. It’s much more effective than embedding an offer wall on the payment page, and it enhances user experience because players don’t have to leave your game to view the offers.

To take it a step further, if you’re only using an offer wall—whether it’s on a payment page or displayed as an overlay—you’re automatically losing a huge percentage of players who never intend to pay. A lot of people are content playing the free version of your game, and they’ll never visit the payment page or interact with an overlay.

Your offer wall may contain something that these people want or need, but they’ll never know it. Instead (or in addition), place targeted offers within your game to increase exposure and revenue.

If you’re working with an offer provider that has direct relationships with big advertisers, you can try a variety of in-game placements, deeper offer integration and special promotions to move the needle. This is the perfect opportunity to promote seasonally-related products as Playfish did for Valentine’s Day, or to promote advertisers that are complementary to your game’s demographic.

For example, Playdom offered free Brownie Points to Sorority Life users who purchased at Shoebuy.com or Bagsbuy.com, squarely hitting the young female demographic. Instead of burying the deal on an offer wall, Playdom placed the offer in the “Announcements” box on the Sorority Life application home page.

Offer-based payments are becoming much more sophisticated, but some small changes can make a big difference. Things like remembering your customers’ needs, paying close attention to the offers you present, and thinking beyond the offer wall can exponentially increase revenue while making your users happy.

Offers that trick users into divulging personal information or signing up for subscription services without their knowledge might be a cash cow for short-term revenue, but they can significantly hurt your brand.
Monetization

Making Retail Pay
Publishing Casual Games Through Retail

It was 2008 when we decided to hit the Benelux (Belgium, Netherlands and Luxemburg) retail market with our casual games on CD-ROM. Retailers were not nearly as excited as we were with our latest idea—possibly with good reason (or so they thought). Major game publishers had already tried offering casual games through the retail market, but without significant success. And the market for PC games in general had been going down in recent years, taking a nose dive of 10 percent per year. Even so, a few buyers in the retail channel were aware of our successful releases in the past and saw the potential of casual games on CD-ROM.

Our first releases reached the upper end of the GFK chart (which reports sales figures for retail products in Europe), and they caught the attention of other, initially skeptical, software publishers. They quickly began producing their own casual games on CD-ROM, and today you will find casual games available in 90 percent of the retail stores selling games.

So, what changed to make success in the Benelux region possible?

Awareness
If your retail offering is going to succeed, obviously potential purchasers must be aware of its existence. But creating awareness is not an easy thing, especially for the casual game publisher who doesn’t have the marketing budget that large companies use to introduce a new product. So, if you don’t have the money, you must use every opportunity to create free publicity. Make sure that a potential customer will find the information about your new game’s release in a variety of media channels. We maintain a press relations database of over 100 contacts, and we keep a constant flow of information going to them about previews, reviews, contests and giveaways. We also emphasize building a relationship with press journalists; it is the only way to generate the press coverage that will allow the customer to experience our brand.

We have seen that giving away copies of a newly released game through radio station promotions generates instant awareness of our product.

Conversion
Once you have made consumers aware of your product, your next challenge is to convert those potential customers into actual purchasers of your game. At retail, one key to that conversion is the game packaging. The package design should be challenging, adventurous, and attractive enough to capture the attention of a person passing the shelf in the retail store. Remember there is only a split second in which a potential customer decides whether or not to stop and pick up your game from the shelf.

As you contemplate the design of your package for retail display, keep these important details in mind:

• Clear Indication of the Game Genre
All potential customers have specific requirements for the types of games they want to play. One might want to play strategy and time management games while another prefers hidden object games. So an important part of the packaging is conspicuously displaying the important information about the game that a customer needs to know. We’ve developed logos for each game genre and we place them on the front of the package so customers can easily recognize the type of game it is. If the game is a mix of genres, we will indicate that as well.

• Clear Indication of the Game Language
We have observed that language is an essential consideration; casual game players expect to be able to relax and play in their native tongue—without having to struggle... (continued on pg. 81)
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The monetization of non-paying online gamers has been a hot topic in the casual games industry since inception. Especially with the rise of free-to-play online games, the monetization of non-paying users and their conversion into paying clients are key issues to address. On average, a mere 10 percent of players (or less) invest money in an online game by acquiring the game, a premium account, or virtual goods. Often the decision to play a particular game is guided solely by the fact that it is accessible free of charge or, as is typical of casual games, available as a “try before you buy” demo.

Thus it comes as no surprise that advertiser-supported offer payment systems, which have spread within the last three years, have met with such overwhelming success. Instead of paying with real money, gamers take their pick among the respective game providers’ various advertising partners to either purchase their product, sign up for a trial, or receive promotional information. In turn, these sponsors effectively finance the user’s premium account, virtual goods, or game download.

Advertiser-supported offer payment systems are an efficient means of aligning the goals of game publishers and advertisers. At the same time, non-paying online gamers are given an effective way to gain access to premium and payable content for free. In the past couple of years, integration of payment options has become quick and uncomplicated. Many advertiser-supported offer systems, for example, embed a tool directly into the publisher’s webpage, with no need for extensive programming or restructuring of the platform. And even after the implementation, no time or work is required of the publisher. Ongoing maintenance and transactions are fully handled by the monetization platform. Publishers have reported that revenues have increased measurably within days. According to publishers we work with, 15 percent of previously non-paying users turn into regular paying customers after they have received virtual goods for free through advertising-based offers.

Choosing the Right Offer-based Monetization Platform

At this point, a whole range of companies offering implementation and support of this innovative payment option have emerged around the world. A publisher is thus faced with the task of determining which partner best fits the target group and image. To make sure you choose the right monetization partner, ask yourself the following questions:

- Am I in it for the Long Term?

If you want to maximize your revenues in the short term, you’ll want to allow your platform to run all kinds of offer categories, especially those that often have high payouts, including mobile content subscriptions, downloads and free trials that convert to a subscription after a specified period of time. The downside: Users often complain of being tricked into expensive subscription services or downloads of spyware, damaging both the user experience and the publisher’s reputation. This is especially true for publishers with high monthly ARPU values (Average Revenue per User)—it’s counterproductive to the overall game monetization strategy. In contrast, publishers with low monthly ARPU, a short customer lifetime and no brand reputation, might find this broad approach to be the most effective means of generating the revenue required to stay in business.

Keep in mind, however, that monetization platforms are designed to monetize non-paying users and convert them into paying customers—repeat paying customers, preferably. To achieve these goals, users must come to trust the offer provider. Make sure your offer provider creates user trust through transparent offer descriptions, attractive offers by renowned local brands, user guarantees, and native localization.

In the end, each publisher must choose between a long-term or a short-term strategy based on its specific business needs and preferences. Either way, it is helpful when the offer provider gives you full control over the ad offers displayed to your users. With full

(continued on pg. 81)
The most important takeaway from the conference is that _________ is going to be HUGE in 2010! I attended a _________ session on monetizing _________. You would not believe the ARPU. The speaker, _________ really impressed with a _________ PowerPoint.

I also got a chance to meet with _________ and we really connected casually (if you know what I mean). At the Wednesday night party, I accidentally ate _________ and that night I dreamt about a game featuring _________!

Benaroya Hall was full of _________ networking opportunities and swag. (I got a free _________!) The most _________ booth belonged to _________, we may have to _________ with those guys.

All in all, the headline on Gamezebo sums it up best:

__________

Stop by the AETN booth and drop off your ad lib. The most creative will win an iPhone4!

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Making Retail Pay
Publishing Casual Games Through Retail

with a dictionary as they try to understand the game. Accordingly, we place a flag on the cover and the spine of each game to indicate its language.

- **Appealing Box Art**
  We try to tap into popular preferences whenever possible. For instance, we know that among the most popular titles are hidden object games based on a strong female character who travels to faraway places. When we sell this type of game at retail, we make sure that the package includes illustrations of the main character in an exotic location.

  In addition, we always use high-resolution art designs and screenshots on our packages to attract attention and increase appeal. In some respects, the screenshots on the box are similar to a trailer in a movie theater. They provide consumers an enticing glimpse of things to come. Our packages always include a variety of action screenshots showing different elements of the game.

Loyalty
You've heard it before: It's harder (and more expensive) to attract a brand-new customer than to retain one you already have. For that reason, any retail marketing effort should include a well-thought-out loyalty component.

Because of the strong relationships we've built with the major retailers in the Benelux territory, we are able to control large LCD screens near the casual games shelves in the stores. We display our upcoming releases on these screens using special game trailers made to promote them. Customers are introduced to the soon-to-be-released games, enticing them return to the store frequently.

In addition, we designed a special flier with upcoming titles which is enclosed in every casual game we sell at retail. On this full-color flier we present our four upcoming titles with a short description, giving consumers a good impression of the games that they can expect to find in the stores soon.

We also pay close attention to customer support in case our customers have any questions or need support while playing their casual game. On the back side of the DVD inlay we place all of our support desk contact information to make it very easy for our customers to contact us with questions about or problems with the purchased game. Our customers have told us that they really appreciate an active support desk because it makes them feel secure.

Of course, you cannot build loyalty unless you continue to come out with new, high-quality games. In fact, one store manager tells us that he has a customer who brings him an apple pie every time she comes in and discovers a new casual game!

Conclusion
The most critical aspect of becoming and staying successful in publishing casual games in the retail channel is maintaining the highest quality in the games you offer. You will also need dedicated and innovative development partners. Create as much attention and publicity as possible around the release of each new game. Develop customer awareness and loyalty by focusing on package design, in store promotion and support. Always stay alert; this is the only way to remain successful and enjoy all the wonderful things our business has to offer.

Make Them an Offer They Can’t Refuse
Choosing the Offer-based Monetization Platform That’s Right for You

Control over the ad inventory and a good knowledge of its customers, a publisher is able to keep users “glued” to the game—especially when their experience with offers is positive. If you have a great game, and you continuously provide incentives to stick to the game, then your monetization strategy should foster the loyalty of your customers. Conversely, the user will blame you if the ad offers he encounters are lacking quality.

- **How Does the Platform Handle Localization?**
  Some monetization platforms only localize with Google Translate or similar services; others localize with the assistance of native speakers. The latter obviously yields a much higher quality translation than a machine translation.

  Keep in mind also that most online advertising is delivered through national ecosystems with their own stakeholders—networks, agencies and direct advertisers. You’ll need partnerships with key players in all countries covered in order to receive the highest payouts and exclusive campaigns. Some (but not all) providers enhance their localization efforts by employing local business development and account managers. A quick check of LinkedIn will enable you to verify the international background of their employees.

- **What Kind of Support Do They Offer?**
  Quick and efficient customer support for users is crucial to keep them happy. And the more languages spoken by customer support, the more likely your users are to feel understood—in the truest sense of the word.

  Another important service to reach highest performance is individual account management to support technical integration, ad offer selection, billing, promotions, and publisher integration.

- **What Are the Terms?**
  Of course you will want to know how much money the publisher receives at the end of the billing period. The amount depends both on the agreed-upon revenue share as well as the performance the offer provider actually delivers.

  Compared to other payment methods (like credit cards or mobile payments), the performance of offer providers can be subject to extreme variations. Similar to traditional ad networks, the performance is mostly determined by the amount, quality, and presentation of advertising offers in the relevant countries.

Further Outlook
In 2009, we witnessed the final breakthrough for advertising offers in social and MMO games. Currently the advertising offer industry is maturing and growing with new advertisers (with higher payouts) joining the field. This will make offers much more attractive for casual game publishers that require payouts of 10 to 20 euros per offer to compensate for the purchase of a game. Therefore, you can expect 2010 to mark the year of the breakthrough for advertising offers to monetize casual games. More advertising offer providers are evolving, making the selection of a provider even more complicated than it is today.
Mobile payments have been talked about for several years in the U.S. The technological requirements are at hand. But only in the last 12 months has the U.S. mobile payments market experienced a significant surge toward becoming part of the inner circle of established payment methods like PayPal and credit cards. Even so, mobile payment providers still struggle for what those payment methods have successfully achieved: consumer adoption.

Although the U.S. is a trendsetter in many areas, this is not true for mobile payments. In Europe mobile payments have matured significantly since their breakthrough two years ago when the market fully embraced them. Ever since, the technology has opened up significant revenue streams for providers of virtual and digital goods through social networks and online gaming sites.

Understanding Mobile Payments

Mobile payments are an easy way for consumers to buy things. Simply enter your mobile phone number into a browser window, receive a PIN on your mobile device, then enter the PIN online to verify and complete the transaction. The purchase is then billed to your mobile phone account. Companies offering mobile payments at checkout significantly improve their conversion rates because the method is so easy to use. Plus they gain a whole new target group.

Consider, for example, that there are roughly 4.6 billion mobile phone users around the world—but only 1.6 billion global bank accounts. So it is plain to see why mobile payments are especially popular among “unbanked” and “underbanked” consumers. Teenagers are a particularly suitable demographic for mobile payments as they represent a very active group in online games, casual games and social networks, where so much revenue depends on ready access to virtual goods. Without mobile payments, many game players have no means of paying for the virtual goods they desire—and thus no way of generating revenue for the game provider.

Adopting Mobile Payments

The key to the proliferation of mobile payments in Europe and Asia is significantly lower credit card penetration compared to the U.S. A handful of companies were aware of this fact and started promoting real alternative payment options that did not rely on credit cards or bank accounts at all—with mobile payments leading the way. The concept was simple enough: Since mobile phone carriers already had a fully functional...
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In Europe mobile payments have matured significantly since their breakthrough two years ago when the market fully embraced them. Ever since, the technology has opened up significant revenue streams for providers of virtual and digital goods through social networks and online gaming sites.

billing system in place for their clients, mobile payment providers could use that system for billing a broader range of services and purchases.

Although carriers have strongly embraced this concept in Europe and Asia, in the U.S. they have been rather hesitant in adopting it. And since U.S. carriers are still charging the highest margins for processing mobile payment transactions, merchants have been slow to adopt the practice as well. With a growing demand, however, this situation seems to be changing.

Evaluating Mobile Payments

As the U.S. looks to expand the adoption of mobile payments, it can look at Europe’s example for an indication of what the future might hold. Keep in mind that mobile payments and mobile payment providers have been in place in Europe for over a decade. For example, mopay was founded in Germany and has been delivering mobile payment solutions for over 10 years, servicing more than 400 customers and offering a reach of 3.3 billion people in 75 countries. That reach gives mopay substantial leverage when it comes to mediating between customers’ needs and carriers’ demands. Consequently, European mobile payment providers are in a good position to convince carriers to constantly refine their services and improve payout rates.

Although they are improving, those payout rates—defined as the percentage of a customer payment that goes to a merchant after deducting the payment processing cost—remain a constant point of frustration because they still range well below credit card payouts. The average payment processing fee charged by U.S. carriers is around 50 percent while European carriers charge up to 30 percent of the customer payment. Credit card fees, in contrast, are as low as two percent. So a single purchase using a mobile payment does not hold the same profit as a purchase through a credit card. Nevertheless, with a conversion rate 10 times better, the sheer number of additional purchases still makes mobile payments a viable alternative to credit cards—especially since so many potential customers otherwise have no way to make a payment. In consequence, publishers will find that implementing mobile payments generates pure incremental revenue.

Setting Up Mobile Payments

For mobile payments to become as successful in the U.S. as they are in Europe and Asia, three things need to happen:

1. The end customer has to be convinced of the simplicity, security and reliability of mobile payment options.
2. Merchants must become convinced that the benefits of mobile payments (conversion rates in particular) outweigh the carrier costs of offering them.
3. Probably the single most essential development has to take place within the U.S. phone carriers themselves. It is only a matter of time until they realize (just as their counterparts in Europe have already) that they will make more money at a lower margin because the pool of potential users is so large. But until they lower the steep processing fees, adoption of mobile payments in the U.S. will remain stagnant.

The most important lesson learned in the European and Asian mobile payment markets is that although the process of establishing mobile payments within a market is top-down, the process of conveying the demand for mobile payments is bottom-up.

The U.S. market is primed to take advantage of mobile payments. Mobile phone penetration in the U.S. is soaring; credit card penetration may have passed its peak, and online and in-game advertising reach and conversions are regressive. From a conversion and a penetration perspective, mobile payments seem to be the next logical step. Markets in Europe and Asia have made this step before and have flourished ever since. So why doubt that the U.S. will be the next mobile payment success story?

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Monetization

There is tremendous excitement surrounding the fact that there are more than half a billion people playing casual games. The biggest challenge casual games businesses face is that only a small number of those casual gamers are willing to pay for content, whether through a game transaction, a subscription or micro-transactions. Nevertheless, that growing community of game-players represents an enormous, untapped audience that brand marketers are anxious to reach—which in turn creates a significant monetization opportunity for game publishers and developers. In fact, you might say that casual games advertising is critical to effectively monetize all users.

Too Many Freeloaders

Online gaming continues to be one of the fastest growing gaming categories, up 22 percent compared to just one year ago and reaching nearly one out of every two online users. And that's incremental growth on top of an already impressive 500 million user base (which is projected to double by 2011). Comparatively speaking, that's larger than Facebook or Google. Social gaming, predominantly a subset of casual gaming and distinguished by asynchronous game-play, has contributed significantly to that growth.

But growth doesn't pay the bills. In the traditional casual gaming space, less than 10 percent of casual gamers will pull out their credit cards and make a purchase, whether of a game, a subscription or a service. Casual gamers have been equally reluctant to pay for games, especially with so many free gaming opportunities across the Web. So it's no surprise that a recent survey revealed that nine out of 10 casual game players prefer ads in exchange for free game-play (see chart at left).

Even with the success of micro-transactions, paying users remain a very small segment of the social gamer audience at roughly five percent. That creates an opportunity for marketers, developers and game publishers to find new ways to reach the more than 95 percent of users who do not purchase virtual goods or micro-currencies. All told, that is 475 million active social gamers each month (more than the entire U.S. population) who are not currently being monetized. However, despite the dramatic growth of social gaming in the past year, the monetization trend has stayed the same—the percentage of users who pay for services is still in single digits. So, how can that vast audience of users be monetized?

Advertising to the Rescue

Most casual and social game businesses could more effectively leverage advertising within their business model. Given the social nature of gaming, it wouldn’t be surprising to see advertising become more prevalent over time. In fact, many new business technologies are already emerging to support advertising in social gaming.

That’s good news for publishers, of course. Ad-funded game-play substantially grows the audience base because it enables publishers to generate revenue from a “free” game or service. Advertising for casual games is also beneficial because the incremental revenue stream creates a stronger incentive for developers to create games for the publisher’s site.

The increase in advertising opportunities is certainly good news for advertisers as well. In a recent poll of casual game players, 83 percent reported having positive associations with companies that sponsor free Web games, and 70 percent said they are more likely to buy from companies that sponsor those free games.

However, advertisers want to see their products presented in a way that integrates seamlessly with the game experience and provides real value. In other words, don’t make the ad intrusive,
Monetization

Casual gaming is facing the challenge of optimizing placement of ads so that they can appeal to the consumer. The challenge is not only to make ads well executed, but to lend to an accretive experience from both a relevancy and an integration perspective. Today, advertising in casual games is still predominantly irrelevant to the user, and not integrated in a meaningful way. But done right, games allow a brand to become part of the experience, creating positive awareness in contrast to an obtrusive ad execution.

As for users, what’s not to like? It’s as if someone else is paying to allow them to continue to enjoy the games they like. Those who don’t like advertising are always free to pay for a game outright—but to date, less than 10 percent have shown a willingness to do so. For the other 90 percent, there’s advertising!

Looking Forward

There are a variety of ad product opportunities through which casual gaming businesses can take advantage of the distinct casual gaming environment for the benefit of advertisers, users, and publishers alike—a win-win-win rarity.

1. Skinned, In-game Experiences
   A successful execution of skin-able games ensures the ads placed inside the game are contextual and enhance game-play. The execution should be seamless and feel like a natural part of game-play, such as the spot-the-difference game sponsored and skinned by Toy Story.

2. Video
   Given the unique environment and high user engagement, casual games are well-positioned to become a strong beneficiary of TV ad spend. This is particularly important given that the lion’s share of ad revenue comes from TV. A recent Frank Magid study states that casual gaming ads are more effective than TV advertising. Video spots during natural breaks in game-play generated a 500 percent lift in unaided brand awareness.

3. Advergames
   The emergence of “advergames” is evidence that advertising is not just a method of monetization, but also a viable form of entertainment. A good example is Coke Happiness Factory, which ran on Windows Live Messenger Games and proved to be the campaign’s key driver of “brand love” among 16–19 year-olds. In fact, within one month, Happiness Factory became the UK’s top performing Messenger game.

4. New Accretive Models
   With the explosion in social gaming comes a process of trial and error as key players attempt to find the optimal revenue model. Of particular interest in social gaming is the ability for brands to take clear user value exchange to the next level by being able to offer sponsored goods or virtual currency that advance game-play. It wouldn’t be surprising if ads soon become integral to game content, offering clues, extra levels or other hidden rewards. With the opportunity for brands to truly generate accretive experiences comes the potential to take advertising to an entirely new level.

For example, Bing recently ran a sponsored ad on FarmVille that urged users to become a Facebook “fan” of Bing to receive three units of Farm Cash, the FarmVille virtual currency. Before the ad launched, Bing had 117,000 “fans.” The next morning, the fans exploded to 539,000, surpassing Google. And most recently, 7-Eleven began offering FarmVille-, Mafia Wars-, and YoVille-branded items on various products, including Slurpee and Big Gulp cups. Consumers can connect back to the social games by using their product redemption codes for limited edition 7-Eleven virtual goods.

Conclusion

Casual and social gaming will continue to experience healthy growth, but unless game developers, publishers and marketers take advantage of advertising opportunities, they will not be able to reap the full benefit of that user growth. Using some of the methods discussed here, the broad audience and immersive environments of casual games provide ideal opportunities for brands not only to become a part of the experience, but actually to enhance it.

Sources:
1. comScore, March 2010
3. Eyeblaster Media Survey 2008
4. Go Big or Go Home, Emily Riley, June 2009

Advergames have become a viable form of entertainment as seen with the Happiness Factory which became the top performing Messenger game in the UK after one month.
Monetization

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Contact: LaShun Lawson, Director of Marketing and Partnerships, llawson@ngs.org
What the Heck is Freemium?
A Primer for the Uninitiated

Say you give your service away for free, acquire a lot of users, and then offer premium-priced value-added services to those users. That’s freemium. This business model has been around for quite some time. In the retail world you would probably know it as a “free trial.”

In the gaming world, the trial-to-pay model from Big Fish Games is basically a version of freemium which has been very successful. The game is originally offered for free and then users have the option to upgrade to the full model. And freemium has emerged as the leading business model for some of the largest gaming companies in Asia—including Tencent/QQ, Perfect World and Shanda Games (Mochi’s parent)—where the games are free to play and the biggest fans are spending a great deal through micro-transactions on items.

Outside of games, there are many successful versions of freemium, including Pandora, LinkedIn, Skype, Netflix and Flickr.

Seems like one of those “good for the consumer, bad for business” deals, right?
Wrong. It is absolutely a good thing for consumers, but it can be good for businesses as well as it is deployed properly. Freemium can be a great way for consumers to try products and then pay for them according to how much value they get. Businesses can derive value even from free users if those users are generating positive word-of-mouth or otherwise creating value for paid users. The pitfall in freemium is that you don’t want to give away so much value that users who would otherwise pay don’t. And it is also problematic if you have significant costs associated with each user (bandwidth, license fees, or storage) whether or not they pay.

In games, we find that independent, browser-based game developers are pursuing a “layer-cake” strategy in which advertising, website sponsorship, licensing, and freemium (monetized through micro-transactions) can all be applied to the same game. Not every game will be deep and compelling enough to succeed on the freemium micro-transaction path, so these other revenue streams help a much larger set of games and businesses succeed.

Isn’t it going away though? Don’t all of these alternative business models make freemium obsolete?
Wrong again. Freemium is here for the long-term in games. If we look at other forms of entertainment which have been around for decades (music, TV, films), we see a variety of monetization options that range from freemium (typically supported by ads) to premium consumption (full purchase in digital or physical form).

The freemium model gives you a way to attract gamers who previously may have been unwilling to spend a large amount of money up front for their games but could be convinced to try something for free and convert later. This trend creates a lot of potential, especially for gaming companies that are pursuing new casual gamer markets—as evidenced by the success of social games.

By Josh Larson

Josh Larson is President and COO at Mochi Media, where he leads Mochi’s sales, marketing and public relations efforts. He also guides the company’s monetization strategy. Prior to joining Mochi Media, Josh was Vice President of Business Development at Double Fusion, where he developed new in-game advertising business models on platforms from Sony PlayStation 3 to Apple iPhone. Josh also spent several years at CNET/GameSpot, where he served as Vice President of Games and led product development and business strategy for the company’s gaming websites. Josh holds a BA in Economics from Dartmouth College and an MBA from the Darden School at the University of Virginia. He can be reached at josh@mochimedia.com.
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