

HOW

Design game

TO

Build buzz

Get finance

PUBLISH

Code game

Facebook page

A GAME

Fix bugs

Get Apple approval

NICHOLAS LOVELL

Launch viral campaign

Release on PSN

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For Catherine

(although I'd always hoped that dedication would accompany my first novel)

TESTIMONIALS

“GAMESbrief is an unending source of industry wisdom and intelligent comment. It offers a unique insight from an investment perspective, perceptive discussion of industry trends and reviews of quirky and innovative games that we need to know about I very much recommend it.”

Charles Cecil, CEO, Revolution Software

“Nicholas Lovell is a deep knowledge specialist: he has all the data and insight you’ll need on the subject of how to do business in the emergent and ever-evolving field of social and online gaming. From microtransactions to marketing, he’s got it covered. Highly recommended”

Alice Taylor, Commissioning Editor, Channel 4

“GAMESbrief is a great resource for garnering insight into the games industry and keeping up to date with trends and developments. It is one of a very small number of blogs I subscribe to via email.”

Nic Brisbane, Partner, DFJ Esprit

“Working with Nicholas has really helped focus our minds on our online strategy and communications, boosting our web traffic tremendously.

He became an in-house champion for the web and internet (a surprisingly overlooked area for a ‘tech’ company!), led a complete overhaul of our approach to the internet as a company, from SEO to social sites and developed a much clearer strategy of how we move forward into the rapidly evolving world of online games.

Beyond the depth of knowledge brought to us, the passion that Nicholas has brings with him and has injected into our company is what impresses most. I wouldn’t hesitate to recommend him to another business.”

Simon Bradbury, Creative Director, Firefly Studios

“We weren’t sure we wanted to hire a consultant – fears about the cost and uncertainty of the outcome were a big factor. But we found Nicholas brought deep and wide knowledge of the game industry, comprehensive understanding of changing business models and an ability to help us see new perspectives on our industry. I would definitely recommend him to any company questioning their way forward in games.”

Philip Oliver, CEO, Blitz Games Studios

Meeting Nicholas Lovell was the most significant turning point in the development and understanding of our business.

Having been sceptical about using consultants, our initial concerns were soon blown away due to his rigorous, thoughtful and sophisticated analysis of our sector and business model. It helps enormously that Nicholas has got such terrific experience of all sides of the business world from finance, to technology to start-ups. His work transformed the way we operate and crystallised our strategy. I

really couldn't recommend his services enough...so much so that you are free to email me (justin@channelflip.com) anytime with any questions you might have about working with him.

Justin Gayner, Creative Director, ChannelFlip

"We're a console developer transitioning to the digital model, but how much could we learn from GAMESbrief's insights and observations of the online business models? Turns out quite a lot!

Working with GAMESbrief widened our perspective from the physical goods model and helped us understand what traditionally seemed illogical (free) makes a lot of sense in the right circumstance.

Whatever your current business model, there are lessons to learn from GAMESbrief's insight and analysis"

Colin Bell, General Manager, THQ Digital Studios UK (formerly Juice Games)

"Publishing games is not as challenging as developing them, but that doesn't mean that publishing is easy. There are many facets: marketing, distribution, sales, etc. and each of these areas requires real insight and effort to do well.

*In the new world where publishers are nothing more than banks and should be avoided if at all possible, it's crucial for developers to ensure that they have a handle on **all** of the work necessary to effectively publish their games. There's a lot of information out there, but never before has it been collated into one volume that centres specifically on the business of publishing games.*

Nicholas' considered and well researched book really is publishing 101 - essential for those experienced in self publishing and those just starting out. It doesn't contain all the answer, but, more importantly, it does contain all the questions.

I don't traditionally buy e-books as I'm concerned that the content won't be relevant or I can find the data elsewhere, but I can genuinely say that this publishing guide is well worth the price tag."

Mark Morris, Managing Director, Introversion Software

"Packed full of solid, monetisable 'do this next' advice as well as valuable insight into the business of games. Required reading for any developer who is serious about publishing their own game - and actually making money."

Tim Harrison, former head of games at Vodafone and marketing director of EA Mobile

TIGA is the trade association that represents the UK video games industry.

We hear it all the time - the video games industry is changing. The rise of digital distribution and new platforms such as Facebook and iPhone are allowing developers to reach out directly to consumers and control their own IP. Developers are becoming publishers. The old model is dead.

It is a hugely exciting time, but also a time of uncertainty and confusion. Established development studios and wannabe bedroom developers alike are wondering how best to navigate this brave new world. Everyone wants to know what the industry will look like in five years' time. The truth is no one knows for sure. What we do know is that the industry is changing. If developers are to take advantage of these changes then they must learn new skills and confront new challenges.

So, there could not be a better time for this book. *How to Publish a Game* is a clear, lucid bible for anyone looking to embrace the brave new world of self-publishing.

The book covers the skills you need to self-publish – including sales, marketing, public relations and distribution. There are also chapters on everything from determining your business model to website design and viral marketing. The book covers the challenges involved in securing external finance and investment – providing understandable and succinct advice on where to look for investment and how to secure it.

You will find useful case studies from UK games developers who have already entered the world of self-publishing, as well as chapters examining the science behind industry success stories such as *Farmville* and *Playfish*.

At TIGA our vision is to make the UK the best place in the world to do games business. Part of this vision includes helping UK games businesses reach their full creative and financial potential. *How to Publish a Game* is essential reading for anyone in the development community who shares this vision. If you're reading the preview chapters, I recommend you buy it now!

Dr. Richard Wilson
CEO, TIGA

INTRODUCTION

This book is badly named.

The era of publishing is drawing to a close. Publishers are gatekeepers. They control retail distribution and support their control by vast marketing budgets that crowd out all but the largest competitors.

Those days are over.

EVERYONE CAN BE A PUBLISHER NOW.

But “can” is an ambiguous word.

On the one hand, it means “**has permission**”. Everyone has permission to be a publisher now. That’s true.

On the other hand, it means “is able to”, or even “**is capable of**”.

Everyone is capable of being a publisher now.

But only if they **want to be**.

Games developers no longer need publishers. That much is true. But they need to learn, harness or outsource all of the skills of a publisher. They need to understand **sales and marketing, finance and distribution**. In short, everyone has to become a publisher.

It’s not an easy road. Developers who have been making games for thirty years will have to learn new skills. Designers will have to learn not just game design and art, coding and sound, but how to build a brand, a community, a sales channel. It’s a challenging task.

And this book will show you how to get started.

ABOUT ME

I love games.

I also love the games industry. It's constantly changing, endlessly evolving and never dull.

I've worked in and around the industry since 1996 when as a young investment banker I helped raise money for Eidos with a convertible bond on the strength of the newly-released *Tomb Raider*.

I've helped finance games companies. I've run websites that make their living from selling games or building gaming communities. I've worked on a number of online and Facebook games.

With clients including Atari, Blitz, Channel 4, Codemasters, Eidos, Firefly, Kuju, nDreams, Rebellion and many more, I've raised money, improved sales, advised on strategy and made games that grab the digital distribution opportunity with both hands.

Now I run [GAMESbrief](#), a website where I give free advice on how to publish a game. I teach masterclasses on self-publishing and social games. I write eBooks (you're reading one of them now).

And, above all, **I have fun.**

ABOUT GAMESBRIEF (WWW.GAMESBRIEF.COM)

[GAMESbrief](#) is a free resource for anyone who wants to publish a game. Whether you're an established developer trying to move from AAA console development to the new world of digital distribution, a one-man band trying to break into games or a mega-publisher watching your industry go through seismic shifts, [GAMESbrief](#) can help.

[GAMESbrief](#) is more than a website with analysis, advice and case studies.

It's a hub for knowledge about the future of games. [GAMESbrief](#) offers free articles and resources. It provides masterclasses and bespoke consultancy that will improve sales, decrease marketing costs and help you achieve business success.

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PART 1: THEORY

CHAPTER 1: HOW TO PUBLISH A GAME

Before we start, I need you to leave your old thinking behind.

In the old world, developers were work-for-hire studios. They made games that other people (usually publishers) paid for, distributed and made money from.

Just think about that for a moment.

You made a game. That game was your baby. Your creative vision. Your excitement. Your passion. Your blood, sweat, toil and tears.

So why on earth were you prepared to abdicate responsibility for it?

Well, I'm here to tell you that you didn't. You kept it. But to make that statement make sense, you have to flip your thinking on its head. In this new way of thinking, publishers don't outsource development to developers.

DEVELOPERS OUTSOURCE PUBLISHING TO PUBLISHERS

This is an incredibly important statement, especially if you are going to self-publish. You need to realise that all the key tasks that take place between initial concept and a game being enjoyed by a consumer **always** need to be done.

As a developer, you can do them all yourself. Or you can outsource them all (as has happened in the past with the traditional developer/publisher relationship). Or you can do something in-between.

This new world of self-publishing is so exciting because developers can choose what they are going to do themselves and what they are going to find external experts to do instead.

The key shift - the massive, fundamental shift that is fantastic for game designers and gamers alike - is that publishers are no longer in control.

Developers are.

So now it's time to work out what, exactly, being in charge means.

I'm going to start with a very basic question.

WHAT IS A GAME?

You may think that this is an odd question.

But games are changing. In the old days, the answer was easy. A game was something you bought in a box on a cartridge, a floppy disk, a compact disk or a DVD, and you played it on a console or your personal computer.

But now, as Figure 1 shows, there are at least six different types of game. These can broadly be divided into “fire and forget” games that are **products** and “ongoing” games which are **services**. (The distinction between “product” games and “service” games is critical and will be a recurring theme of this book.)

Figure 1: What is a game?



In reality, the lines are very blurred. If you are making a casual game to be downloaded for \$6.99, that's a product. If you run the casual games portal that needs to get players back every day to watch advertisements or buy a game, that's a service. If your game is browser-based, it can still be a product: if you aren't having the direct dialogue with your end consumer, tracking sales and driving conversion, you are not running a service.

Farmville, the archetypal social game, is now a browser game at www.farmville.com. Even the iPhone, once seen as the bastion of downloadable products is now a service platform: ngMoco gives all its games away for free and makes money running them as a service.

In short, categorising your type of game into **boxed**, **social** or **browser** may be pointless - it's the distinction between whether your game is a **product** or a **service** that matters.

GAMES AS A PRODUCT

Traditionally, a game was developed for a console or for the PC and sold **in a box** through retail outlets such as GAME, GameStop or Electronics Boutique. These games were generally one-off purchases: "fire and forget" titles where the developer or publisher had no ongoing relationship with their customers.

(Publishers used to pay lip service to community, or customers, but they never spoke to the vast majority of them, outsourcing that role to retail stores or ecommerce websites such as Amazon and Play.com.)

The first wave of **digital download** services hasn't changed this; it simply replicates the physical distribution model on the Internet. Services such as Steam and Metaboli replace GAME and GameStop in the value chain, but don't fundamentally change the economics of development or publishing.

Books you should read #1

Chris Anderson's [The Long Tail](#) kick-started a revolution in Internet business.

The editor-in-chief of *Wired* predicted a revolution in content as the limitations imposed by scarce shelf space evaporated in the face of unlimited online inventory.

It was hailed as the saviour of content creators and the beginning of the end of publishers.

While it is no longer so revered as it once was (partially because Anderson's future still hasn't arrived), it's still a valuable read for any Internet entrepreneur.

They've been attractive to independent developers who struggle to get into physical stores (Introversion, the self-styled "last of the bedroom coders" has been an early poster-child for how Steam has changed the market - see *Keeping Introversion from the Wolves* on p. 181) but in reality, these services have made little change to the market. The power of the retailer has been exchanged for the power of the digital distribution platform.

If you can get on a splash screen on Steam then you see a massive increase in your sales figures. You usually need to drop the price, but often it can be a sensible move.

*- Mark Morris, *Introversion*¹*

(If you don't believe me, think of the last time you bought a game from Steam. Who owns the customer relationship? Who knows your purchase history, what you like and hits you with special offers? Is it the developer? The publisher? Or is it Steam? I rest my case.)

There has been one really big change though: digital distribution means that the cost of stocking a title is close to zero. Real-world retailers, obsessed by "revenue per square foot", will discount slow-selling titles rapidly to make room for a more popular title. In the digital world, it costs very little for a store to have massive inventory and they can sell games that would not have been cost-effective for physical stores to stock (a great example of Chris Anderson's [Long Tail](#) in action.) Gamersgate, for example, has 2,000 games in its catalogue and sells at least one copy of 85% of its catalogue every month. The long tail is very substantial part of their business.

A note on downloadable content

Downloadable content (or DLC) is changing the market. When you sell your game as a product but expect to sell additional expansion packs for that game, you are beginning to think like a service provider.

You can talk directly to your consumers (via the game), you can track conversions and you can start thinking about metrics like ARPU (Average Revenue Per User) and LTV (LifeTime Value)

DLC is the halfway house between product games and service games.

¹ *Keeping Introversion from the Wolves*, see p. 178

The first wave of **iPhone apps**, and of **games for PlayStation Network (PSN)**, **Xbox Live Arcade (XBLA)** and **WiiWare** are similarly “fire and forget”. In many ways, they are not much different from a boxed product. Developers create them, publishers publish them (although some developers are fulfilling much of the publishing role) and both move on to the next project. The biggest difference is that budgets are so much smaller (and marketing budgets even smaller than that) that developers can take creative risks that just wouldn’t be possible for a physical release.

However, these new platforms are changing. As Microsoft, Sony and, to a lesser extent, Nintendo, start encouraging downloadable content (DLC) and Apple has enabled micro-transactions in OS 3.0, developers are starting to build a close relationship with their customers and are beginning to view their games as a service.

GAMES AS A PRODUCT (or “GaaPy” games)

- “Fire and forget” games that are complete when they launch
- No ongoing relationship with gamer
- Marketing: Big launch splash; Majority of sales in first month
- Sales/distribution: Typically handled by others: Xbox Live, PSN, Apple or Steam; Hard to use analytics or track conversions
- Finance: You need to have sufficient revenues to develop 100% of the game AND market it before you see a single dollar of revenue.

GAMES AS A SERVICE

There are almost as many genres of web games as there are games. OK, that’s an exaggeration but the breadth of games is extraordinary. For our purposes, we can divide them into three:

CASUAL PORTALS

Casual games are titles that are simple to learn, easy to play and, ideally, horribly addictive. The classic casual game is a match-three game like [Bejewelled](#), where the objective is to match three or

more items of the same type or colour, at which point they disappear. The core for a casual game is to generate that “one more go” feeling of a classic arcade game.

Most casual games are products, but they are distributed on big portals such as those run by Miniclip, Pogo or Yahoo! Games. They are generally funded by advertising, although they often enable the user to pay to download a premium version of the same game. (I’m ignoring the old model of casual games where you downloaded a 60 minute free trial and then had to pay \$19.99 to keep playing. That’s a product and, in my view, one that will be incredibly hard to make money from in the future.)

BROWSER MMOS

Browser games come in many varieties but the most successful are massively multiplayer online games. Browser MMOs generally have their own URL (unlike casual games, which sit on portal websites with hundreds of other games) and are designed to make the player come back regularly. The creation and advancement of a character (or less often a farm or a city) are a key part of the game’s appeal.

A good example is [RuneScape](#), a game by

Death of the portal

Traditional games portals have been hit by a perfect storm. They used to offer developers one of the only routes to market and had access to a key revenue streams - advertising - that developers were rarely able to get for themselves.

The global recession hit those revenues hard but it masked a much deeper malaise: developers don’t need portals any more.

- Developers don’t need their **distribution**, which was very expensive: Kongregate, for example, takes up to 75% of the revenue from a game (see p. 87) whereas Facebook offers free distribution (although this may rise to 30% if Facebook Credits become mandatory, which is looking increasingly likely).
- Developers don’t need their revenues. Advertising is no longer the primary revenue stream for free to play games; virtual goods are. Portals don’t help increase this revenue, unlike with advertising. Worse, they try to take a share of it.
- Developers do need their **financing**. Unfortunately, portals rarely offer it.

If I were an independent developer, looking to launch a game on the web, I would choose Facebook over a portal every time.

Portals need to do something radical to increase their value to developers or they will go out of business fast.

British developer Jagex. There are now hundreds of successful browser MMOs around the world, such as Bigpoint's [Dark Orbit](#) or Ankama's [Dofus](#).

SOCIAL GAMES

Social games means games that take place on social networks such as Facebook and MySpace rather than on their own websites. With the emergence of Facebook Connect (now renamed Open Graph), this definition may shift, as users will be able to benefit from all the advantages of Facebook's social connections away from www.facebook.com.

[Farmville](#), currently the most popular social game in the world, has over 80 million monthly players and reached this figure in barely six months. The success of *Farmville* shows the key advantage of a social game: the ability for designers to build viral marketing hooks into the fabric of the game, leading to a massive and rapid growth in users.

GAMES AS A SERVICE (or GaaS games)

- Ongoing games where the revenue comes from keeping the player coming back for more
- Key success measure is not units sold but web-style statistics such as active users, conversion rates and ARPU
- **Marketing:** Hardly any brand marketing. Activity is focused on acquiring users and converting them to paying customers and is analytics-led
- **Sales/distribution:** Typically handled in-house, as a "sale" involves persuading a customer to subscribe, to buy a virtual good or to interact with an ad.
- **Finance:** You only need resources to develop a quarter of the game or less before you start generating revenue, but marketing costs will be substantial over the lifetime of the game.

IS THAT IT? SIX TYPES OF GAME?

Not even slightly. There are dozens of sub-genres, and they overlap. Is a casual game on Facebook a casual game or a social game? As massively-multiplayer online games using Facebook Connect come to the iPhone, what should we call those?

The quick answer is that it doesn't matter.

The longer answer is that what is important is that you, the developer, know what needs to be done for your game to succeed. Is it a big launch (important for a one-off product)? Is it a long-term relationship with your consumers that makes them come back every month (absolutely critical for a persistent browser-based game)? Should your key focus be on sales, marketing or distribution?

GaaPy versus GaaSy

"Games as a Product" and "Games as a Service" are unwieldy terms.

"Software as a service" is a long-established term in the Internet world and is well understood by investors.

So I'm going to coin new abbreviations for the games industry: **GaaPy** games and **GaaSy** games.

Let's see if they stick.

(I'm not holding my breath.)

And the answer to that question depends on the platform and genre of your game and the skills and long-term ambition of your team.

To help you answer these questions, read on. And if you want to know more, I offer [masterclasses](#)² and [consultancy](#)³ at very reasonable rates.

"If your passion is making games and you have no interest in marketing games or dealing with large amounts of administration then self-publishing is probably not right for you."

- Paul Farley, TAG Games⁴

² Visit www.gamesbrief.com/masterclasses

³ Visit www.gamesbrief.com/consultancy

⁴ See Lessons learned 12: Paul Farley, TAG Games, p130

Lessons learned 1: James Brown, Ancient Workshop



James Brown spent ten years working for various British game companies before moving to New Zealand in search of a better life. He found it in Wellington.

His first game was [Ancient Frog](#), a puzzle game for the iPhone, iPod Touch and iPad. It was designed, coded and arted as a one-man project.

What's been the best thing about self-publishing your game?

I love the creative freedom, the ability to make whatever sort of game takes my fancy. I also love the breadth of abilities you have to call upon as a small outfit - there's none of the narrow pigeonholing of artists, programmers, designers and so on that you see in the traditional publisher-funded development house. But probably the best thing is getting to keep all the money.

What's been the worst thing?

Marketing is the hardest thing. I don't have the money or the contacts that a publisher has, so it's a real battle to get seen. I've done what I can by way of turning that to my advantage - the Lone Developer is still a curious object, albeit increasingly common in the post-iPhone world.

What would you do differently if you did it again?

I'd have done it all much sooner. It seems slightly incomprehensible, looking back, how long I spent working on other people's games when I could have been creating my own.

What advice would you give someone thinking about self-publishing for the first time?

The most important thing is getting your game noticed. The first thing you should be worrying about is what will make your game stand out - what will it do that is completely unique? Why would someone want to rave about it to everyone they know, write articles about it, ask questions in the House about it?

You can find James at www.ancientworkshop.com.

CHAPTER 2: THE KEY ROLES OF A PUBLISHER

“Traditional publishers are blood-sucking leeches who have no place in the future of digital distribution”

- David Lau-Kee, Chairman of Unity3D and former CEO, Criterion⁵

For many traditional developers, a publisher is seen as having two roles:

- The **primary source of finance**, which gives the publisher the right to change its mind, inflict scope creep, make unreasonable demands and generally make the job of the developer as difficult as possible
- The **end consumer of the game**, meaning that when the game project is finished, the developer hands over the final game and washes their hands of it. The publisher gets the lion’s share of the revenues and profit from the game, while the developer ekes out a living from meagre profits from advances and even more meagre royalties

Yet, In reality, the publisher carries out many vitally-important functions. Without these functions, a game cannot come to market, let alone be successful. The four core commercial roles of a publisher are:

- **Sales**
- **Marketing**
- **Distribution**
- **Finance**

There are other roles of a publisher that vary territory by territory and project by project. For example, publishers are often responsible for **localisation**, for **quality assurance**, for **age ratings**, for ensuring **compliance with local laws** (such as those forbidding Nazi imagery in Germany) and for **handling public outcries** over inappropriate content (such as the *Grand Theft Auto* Hot Coffee scandal⁶). These roles are important, but are less commercial than the four roles I describe.

⁵ <http://www.gamesindustry.biz/articles/no-place-for-traditional-publishers-in-digital-market-lau-kee>

⁶ http://en.wikipedia.org/wiki/Hot_Coffee_minigame_controversy

“As well as providing valuable feedback along the production process, they [ngMoco] have been able to provide some really great support and have taken care of a lot of areas of the production process (such as QA, localisation), which allowed me to really focus on creating the game.”

- Simon Oliver, HandCircus, developer, Rolando⁷

CORE ROLE 1: SALES

Traditional role: *In the world of boxed products where giant chains dominate the games retail landscape, sales is a very traditional job. Salesmen (and women) in shiny suits tour the country in their company cars, schmoozing buyers at retail giants such as GAME, Best Buy and Electronics Boutique. They have substantial expense accounts to take buyers for boozy lunches or to ply them with alcohol at awards ceremonies and publisher events. They also have substantial budgets for “trade marketing”, the practice of paying for premium locations in store, such as gondola ends, freestanding displays or window posters. Some reports have even suggested that a significant proportion of the profits of a games retail chain come from selling “locations” such as window posters or positions in the in-store charts, rather than from selling games.*

Note: this may not be an accurate description of the life of a publisher sales executive, but I suspect it is what many developers think.

New role 1: In the online world, the sales role is not to persuade a retail chain to purchase 100,000 copies of the latest blockbuster; it is to have the technology and expertise to take money from 100,000 consumers. This is not as simple a process as it sounds. There are a variety of options (which are covered in detail in *Chapter 7: Sales*) but they include:

- Relying on the billing mechanisms of your distribution partners (such as Steam, Metaboli, [Direct2Drive](#), the AppStore, Xbox Live Arcade or PlayStation Network)
- Using a single payment partner such as [PayPal](#)
- Getting your own merchant account from a clearing bank and processing credit cards yourself

⁷ PocketGamer, 4th February 2009 <http://www.pocketgamer.biz/r/PG.Biz/Rolando/feature.asp?c=11355>

- Using every single third-party payment method you can identify (see the billing page for [Wars](#) from German developer [Innogames](#) below as an example.)

Figure 2: Payment option screen from Tribal Wars

Point package	Costs	Payment method
3 Premium points 14 days	1.99 GBP	Moneybookers, ClickandBuy, Credit Card, Wallie-Card, Phone
4 Premium points 14 days + ad free	3.00 GBP	SMS
5 Premium points 30 days	2.90 GBP / 2.90 EUR	Moneybookers, Bank transfer, PayPal, ClickandBuy, Credit Card, Wallie-Card, Phone
10 Premium points 60 days	4.90 GBP / 4.90 EUR	Moneybookers, Bank transfer, PayPal, ClickandBuy, Credit Card, Wallie-Card, Phone
20 Premium points 120 days	9.20 GBP / 9.20 EUR	Moneybookers, Bank transfer, PayPal, ClickandBuy, Credit Card, Wallie-Card
50 Premium points 300 days	19.00 GBP / 19.00 EUR	Moneybookers, Bank transfer, PayPal, ClickandBuy, Credit Card, Wallie-Card

These options are not mutually exclusive. It is possible to pick and choose which options make sense for you. For example, a developer focused exclusively on PSN and XBLA can rely 100% on Sony and Microsoft to collect the money. At the other extreme, a developer creating a browser-based MMO will need to make it as easy as possible for a player to pay for a subscription or in-game items, which is likely to mean that they need to offer multiple payment providers.

New role 2: Ad sales: If you aim to fund your business through advertising, then I'm afraid you are going to have become a snake oil salesman. OK, it's not really as bad as that, but selling online ads is a very traditional sales job. You are not selling anything unique. There are dozens, hundreds, millions of rival sites or games out there. Worse than that, the big ones have already sewn up trading agreements with the major media buyers and get the lion's share of media budgets as a matter of course.

You will need to get in front of the agencies. Make friends with the buyers. Give them a reason to remember you. You'll need to be visiting their offices every day to show them what you are up to, why it is exciting and why they should recommend that their clients place some of the media budget with you.

Sound tough? It is. You won't necessarily have to do all of it, because there is much that you (and, in my view, should) outsource. But you will need to learn more about the world of advertising than you ever wanted to if you want to fund your business with ad dollars.

CORE ROLE 2: MARKETING

Traditional role: *In the world of traditional games publishing, games marketing has one objective and one objective only: to maximize the day one sales of a boxed game. High initial sales not only generate substantial revenues for the publisher, they act as a strong predictor of long-term sales success. Of course this is a self-fulfilling prophecy. Retailers, which have limited shelf space and a strategy of maximising revenue per square foot, rapidly reduce or marginalise under-performing products. By achieving high initial sales, a publisher's sales team can convince a retailer to keep the game in stock and at a high price.*

This approach has a number of implications. Firstly, it means that the lion's share of the marketing budget for a game is spent in the three months leading up to and shortly after the launch. Secondly, it means that marketing is not focused on building a long term connection with gamers. Instead, publishers are focused on blitzing the market with awareness campaigns. In many cases, the individual marketers do not have any interest in the long-term success of the franchise, but are incentivised to deliver on a short-term target. Finally, it means that money is not spent on generating direct sales (via activities such as web marketing, building databases of customers and maintaining regular communication with gamers); instead it is spent on games magazines and TV spots to raise that all-important initial awareness.

New role: The new model of publishing is much less hit-driven. Many of the most successful self-published or indie games have been "sleeper" hits, growing through word-of-mouth and positive reviews. Games such as *Portal*, *World of Goo*, *Tapulous* or *Darwinia* had very little marketing push behind them.

But this hides a painful truth. For every self-published game that has succeeded without much marketing, a dozen or more have had disappointing sales. The reality is that marketing is a core skill (perhaps *the* core skill) for any developer seeking to self-publish.

“When it comes to traditional marketing ... we no longer care about what authority tells us, the verticality of authority telling us to ‘buy this’ just doesn’t work today at all”

- David Lau-Kee, Chairman of Unity3D and former CEO, Criterion

Perhaps the biggest marketing advantage that a developer has is that consumers actually care what a developer is doing: they have no interest in the corporate suits behind the world’s largest publishers, but they will hang on every word of Peter Molyneux, Will Wright or Shigeru Miyamoto.

(Let’s be honest here, we’re not talking about ordinary consumers; we’re talking about fanboys who, despite the disparaging nature of the name, are an essential audience for creating and spreading the viral word-of-mouth that is so critical to any cost-effective marketing strategy.)

“The way you break through to the mainstream is to target a niche instead of a huge market. With a niche, you can segment off a chunk of the mainstream and create an ideavirus so focused that it overwhelms that small slice of the market that really and truly will respond to what you sell.”

- Seth Godin, permission marketing guru and author of [Purple Cow](#)⁸

To exploit this advantage, developers have to start connecting with their users directly. They must blog or use Twitter. They must run websites which build up communities who are deeply interested in the work of the developer and then work to build interest and **buying intent** amongst those users. They need to target the evangelists, what Seth Godin calls “sneezers”, who will spread the word about their game far and wide. They need to become expert permission marketers.

But before we start on the practical advice, perhaps you’ll allow a little rant about some of the development industry’s misconceptions about marketing.

⁸ [Purple Cow](#), Seth Godin, p31

MARKETING MISCONCEPTION 1: WE'VE ALWAYS DONE THE PR FOR OUR GAMES

"If you've ever heard a publisher's PR team speaking, they would always say 'the best person to talk about your game is you.' My question is always, 'so why are we paying you?'"

- Mark Morris, Managing Director, Introversion⁹

Any number of games developers have told me that that they have done the PR for their game. They say that they went to E3 and spent three days in an airless room showing off their game to 100 journalists who queued up to see them. "So we know how to do PR," they say.

Bullshit.

The skill of PR is not talking to 100 journalists over three days; it's getting those 100 journalists to agree to traipse through your door at one of the busiest trade shows of the year. It involves schmoozing those journalists over several years, paying their bar bill and offering them exciting press junkets. If you really think that you've done the PR, ask yourself these three questions:

- Did you get their business cards? If you don't know their names and contact details, they're not exactly an accessible resource.
- Could you contact them today to tell them about an announcement you are making and have a reasonable expectation that they would cover the story?
- Do any journalists in the world owe you favours?

If you can't answer yes to all three questions, you are a long way from having enough PR skills in-house for your game to succeed.

(Note that there are exceptions to the misconception: if you have an awesome game, a fabulous pedigree or have found an angle that gets journalists salivating, PR will be much easier. My point is that PR is as much about hard graft as it is about having a great game).

⁹ http://www.gamasutra.com/php-bin/news_index.php?story=24099

MARKETING MISCONCEPTION 2: IF YOU BUILD IT, THEY WILL COME

Developers are creators. They build fantastic worlds and gameplay experiences which consumers will just have to play. When the game is finished, it is handed over to the publisher, and all of the hard work is done.

Absolute balderdash (or baloney, if you're an American).

Endless games have failed to sell well despite fantastic critical reception. Even Electronic Arts, a finely-honed marketing machine, has struggled with games like [Mirror's Edge](#), despite a Metacritic score of 80¹⁰. Titles like [Beyond Good and Evil](#) (Metacritic: 87), [Okami](#) (Metacritic: 93), and [Ico](#) (Metacritic: 90) have all demonstrated that quality is not the only pre-requisite for sales success.

Similar stories abound on the iPhone, where developers seduced by the tales of riches garnered by the likes of Ethan Nicholas, developer of [iShoot](#), or the success of Simon Oliver's [Rolando](#) have released games that are innovative and polished but have no marketing or viral hook.

"Without ngMoco, I wouldn't have had half the success with Rolando that I've had."

- Simon Oliver, Handcircus, iPhone developer and creator of [Rolando](#)¹¹

MISCONCEPTION 3: MARKETING IS TOO EXPENSIVE FOR A DEVELOPER

Many developers assume that the mega-publisher approach of throwing huge amounts of money at TV and print is the only way to do game marketing. That's one way approach to marketing, sure. And it's one that many overworked/lazy¹² marketing teams have used. The marketing team puts together a media plan that involves about putting ads in all the usual magazines and websites, deciding whether the game merits a television campaign and maybe putting a little aside for something innovative and quirky: a mini-game, an outdoor advertising campaign, a community website, a PR stunt.

¹⁰ www.metacritic.com

¹¹ Comment at BAFTA Digital Distribution event, 28th April, 2009

¹² delete as you see fit

But that's because many members of a publisher's marketing department come from the old world, where the name of the game is day one sales. That is not what self-publishing for an independent developer is all about. For an independent developer, marketing is a long-term investment:

- In a website that encourages the development of a community
- In regular communications through social networking tools such as blogs, Twitter and Facebook
- In building long-term relationships with your gamers who will repay you with loyalty (and more importantly by buying your games)

MARKETING CONCLUSION

Marketing is a key skill that all developers will have to access in order to make their games a success. That does not mean that developers have to hire lots of marketing people. The role can be outsourced, fulfilled by freelancers or even shared with other developers.

I'm not even saying that you have to work with "marketing experts". If you are passionate about your game and want to share it with the world, you will find journalists who want to talk to you and you will be able to reach out to consumers through all the community channels I discuss in Chapter 9: Marketing - Feeding the funnel.

What I am saying is that marketing is hard graft. The PR process can be grinding and painful. Making anyone as excited about your game as you are is tiring and dispiriting.

But you love your game. So you'll do it. It will be as much work as making the game was in the first place. It will be the difference between the success or failure of your game.

And that is something that many developers are still struggling to accept.

Lessons learned 2: Charles Cecil, Revolution Software



Charles Cecil founded Revolution Software in 1990 and is probably best known for the *Broken Sword* series of adventure games.

An outspoken advocate for developers taking control of their own destinies, Charles has recently released [Broken Sword](#) on iPhone, selling 100,000 copies in six weeks.

What's been the best thing about self-publishing your game?

The best thing is the ability to control all aspects of the publishing - from the marketing plan at the start, through PR and determining the price, to the launch event and maintaining post-launch momentum. Having this in the hands of a small team allows a focused and consistent approach.

What's been the worst thing?

The worst thing is having to control all aspects of publishing – publishers have infrastructures that deal with all these elements very efficiently. Without such an infrastructure, it is easy to find oneself overwhelmed.

What would you do differently if you did it again?

Our publishing efforts have been far from perfect – but I am not quite sure how we could have done them better.

What advice would you give someone thinking about self-publishing for the first time?

Write a marketing plan which outlines the 'story' which will interest fans and publications/websites, and use this to make the launch an 'event'. Without a substantial budget, you will rely absolutely on the excitement that you create, which then needs to spread virally. This strategy needs to be carefully planned in advance.

You can find out more about Revolution at www.revolution.co.uk.

CORE ROLE 3: DISTRIBUTION

[For Electronic Arts] it was really their distribution muscle that was responsible for their tremendous success... The world changed in 2004. Really, really changed. Obviously, the shiny discs didn't go away. But the primacy of the shiny discs as the sole method of distribution for the videogame industry started to erode

- Mitch Lasky, partner, Benchmark Capital, formerly of Activision, EA and Jamdat¹³

Traditional role: Distribution, sometimes known as “pick, pack and ship” involves the physical shipping of boxed products from publishers to retail stores. This has always been the least attractive part of the games value chain. It is a low-margin business that requires high volumes to be successful, and the demise in 2008 of both EUK¹⁴ and Pinnacle¹⁵ shows that it is a tough business. In fact, many publishers have chosen not to do it themselves and instead outsource to third parties.

New role: Distribution is a key skill in the new world of digital. It is also potentially one of the easiest elements to master.

CONSOLE DISTRIBUTION

For an independent developer that wishes to create a game on XBLA, PSN or WiiWare, all that they have to do is submit their game to the appropriate platform holder (Microsoft, Sony, or Nintendo respectively) and they are in the process of securing distribution.

Of course, to get a game onto these platforms, the developer has to ensure that they have fulfilled the technical terms, which is no trivial task, but for any developer migrating from AAA console development to self-publishing, this is part of the development cycle that will be entirely familiar.

¹³ http://www.gamasutra.com/php-bin/news_index.php?story=21851

¹⁴ <http://www.gamesindustry.biz/articles/700-lose-jobs-as-euk-prepares-to-close-doors>

¹⁵ <http://www.gamesbrief.com/2008/12/pinnacle-goes-into-administration/>

The different platform holders have very different attitudes to self-publishing.

Of the three console platform holders, Sony is the keenest to encourage self-publishing developers.

For **PSN**, it has launched the Pub Fund, an initiative designed to help developers make the transition to self-publishing (see p. 162 in *Chapter 11: Finance* for more information). It is not a source of financing for development - developers won't see money until after the game is released - but it can help with cash flow after launch. Cash flow that can be used for the all important marketing.

For developers who haven't worked with Sony before, and even those who have, **PSP Minis** are a potentially interesting platform. Sony's Mini guidelines make it clear that the company is keen to consider new development teams, although some experience of development seems to be required.

TRCs and TCRs

Both Microsoft and Sony have technical requirements which developers have to meet.

- Sony calls theirs TRCs, or Technical Requirements Checklist
- Microsoft calls theirs TCRs, or Technical Certification Requirement

They do like to be different, don't they?

Who can make Minis?

"Anyone! SCEE is committed to creating opportunities for existing developers and publishers whilst also welcoming new publishers into the family.

- *There is no requirement for content approval*
 - *SCEE is 'open for business' and looking for Minis developers right now*
 - *Non-registered developers should sign up at www.tpr.scee.net"*
- Introduction to Minis, SCEE Publisher and Developer Relations¹⁶*

Minis are still quite new. On the one hand, that means the platform isn't crowded and "discoverability" is not the huge problem it is on, say, the iPhone platform. It also means that we

¹⁶ https://www.tpr.scee.net/Generic/WebsiteFiles/PDFs/pdf_new_lic_minis_guidelines.pdf

have little sales data to see how well Minis are performing, and it's not yet clear if they offer a viable financial model for independent developers.

Microsoft and **Nintendo** are less supportive of self-publishing developers. Microsoft seems to require that you use a traditional publisher to launch your game on XBLA, although not on Xbox Live Indie Games (XBLIG), their indie service. Nintendo will not pay you royalties until you reach Performance Thresholds of either 3,000 units or 6,000 units (depending on your region). For self-publishing independents, this can be a big cash flow challenge, and one that suggests that Nintendo has no desire to encourage independent self-publishing on its platform.¹⁷

In short, if you don't already have substantial experience on consoles, self-publishing on a console is a tough business. If you are an experienced console developer, Sony seems likely to give you more support than either of the other platform holders. And if you are determined to give it a go even if you have little prior knowledge of developing for a console, XBLIG and PlayStation Minis offer a potential route.

PC DISTRIBUTION

For developers that are self-publishing downloadable games on PC, the list of distribution partners is longer, but still manageable. It includes destinations such as [Steam](#), [Metaboli](#), [Direct2Drive](#), [GamersGate](#) and others. Securing relationships with these portals is key.

For many of these portals, it is not worth their while working with developers who only have a single title or a limited release schedule. It takes nearly as much as work to close a deal with a major publisher that brings 50 titles to a portal as it does to sign a contract with a developer with only one game to offer. For this reason, it can be difficult to persuade portals to give independent developers any priority - or any attention at all, for that matter. (Blitz Games Studios' [1UP](#), allowing small indies to use Blitz's relationships with a number of distribution portals as a route to market, is one solution to this issue. See p. 85 for more information.)

There is one ugly truth about the "open" platform of PC distribution. If you are selling GaaPy PC games, there is only one distribution partner that matters: Valve's Steam. As far as I can tell, Steam

¹⁷ <http://www.indievision.org/?p=1905>

is often outselling, by a factor of 10 or more, **all the other distribution channels put together**. That's a scary amount of monopoly power in Valve's hands.

Unfortunately, for a time-strapped developer, it may well mean that the most sensible distribution strategy is to focus entirely on Steam. If you have a hit on Steam, then consider getting it out onto the other platforms to maximise revenues. But for any product-based PC developer, building a great relationship with Valve is a critical objective.

There are of course other routes, such as portals aimed at independent developers ([Garage Games](#), [Kongregate](#)) and casual gamers ([Big Fish](#), [Real Arcade](#), [Reflexive](#)). Many of the same issues of size affect these portals, and independent developers still face the hurdle of how to make their games stand out from the morass of other games that are released every month.

Finally, you should sell the game from your own website. At the very least, you should have links from your website to all the places where you have secured distribution. Introversion has built a successful business based on the combination of third-party distribution (particularly Steam) and their own website and you would be well-advised to consider doing the same.

WEB-BASED DISTRIBUTION

For games that are more web-centric, such as browser-based MMOs or games developed for social networks such as Facebook and MySpace, distribution is a very different beast. In many cases, the game cannot be distributed on third-party portals, and the developer has to focus on generating traffic to its website. On the web, traffic and distribution are essentially the same thing, such that the line between distribution and marketing becomes very blurred.

Securing distribution can be very expensive: leading games portal Miniclip, frustrated that it was a major distributor of games such *Club Penguin* and *RuneScape* but didn't benefit when they were acquired or raised money from outside investors, is rumoured to be seeking equity stakes in developers in return for distributing their web games.

SMARTPHONE DISTRIBUTION

The smartphone market is nascent and rapidly evolving. It still shows the hallmarks of a classic battle between "open" and "closed" platforms, although compared to the previous behaviour by the

mobile phone operators, even Apple's "closed" platform looks like a paragon of openness and accessibility.

"We still believe that mobile is the future mass market entertainment platform. However, rather than growing through the closed digital retail environments of network operators, we believe mobile will be just another access method to the open internet in the future."

- Kristian Segerstrale, CEO, Playfish¹⁸

Apple is dependent on the independent eco-system to drive usage of the iPhone and iPad, so has a relatively open policy for Apps. Broadly speaking, anyone can publish a game on Apple's platforms (although they have to adhere to Apple's rules, which change frequently.)

Google's **Android** is extremely open, but that also means that there is no standardisation of operating system or form factor. This may explain why Android has yet to catch the imagination of the public or developers in the way that the iPhone has. It is, however, easy to publish a game on the Android platform.

There are many other platforms (handset manufacturer App Stores, operator App Stores, Palm and Windows Mobile OS App Stores). Anything I write here is likely to be out of date by the time you read it. If you are interested in publishing on multiple smartphone platforms, you will need to do a lot of research.

I suggest focusing on iPhone and perhaps Android while you learn the ropes, and consider other platforms over time.

"The iPhone covers just one per cent of the total mobile gaming and application market... If you don't look beyond the iPhone to more mobile platforms, you really are missing a trick."

- John Chasey, CEO, Finblade¹⁹

¹⁸ <http://playfish.wordpress.com/2008/06/10/what-does-the-3g-iphone-mean-for-social-games/>

¹⁹ <http://www.casualgaming.biz/news/29406/Mobile-developers-need-to-think-beyond-the-iphone>

DISTRIBUTION CONCLUSION

For a developer which is only targeting XBLA, PSN or WiiWare, distribution is simple. For anyone else, whether their market is smartphones (with a rapid proliferation of handsets such as iPhone, Android and Palm Pre and new proprietary application stores being launched on a weekly basis by handset manufacturers and operators), PC downloadable (with Steam, a dozen or more potential other partners and the need to consider an ecommerce website) or browser-based (with the need to build traffic in a highly competitive environment), distribution is one of the more complex areas of self-publishing.

“To be a successful indie developer, you need very very high standards, to be self-critical, incredibly patient, and willing to work 18 hours a day without any promise of success.”

- Mike Bergenstjerna, MStar Games, developer of games for XBLIG²⁰

²⁰ <http://mstargames.co.uk/faq/31-general/47-mstar-games-general-faq.html>

Lessons learned 3: Mike Bergenstjerna, MStar Games



Mike Bergenstjerna is the man behind [MStar Games](#), an indie developer that has launched three games on Xbox Live Indie Games: [Carrum](#), [Space Pirates from Tomorrow](#) and [Blazin' Balls](#).

He provided me with so much information in our email exchange I had to repeat most of it here!

"I've got three games on market at the moment. Two of them are doing OK, one bombed on release. I'm doing it full time because I have a very understanding and supportive wife!

Blazin' Balls, my last game, has been out for about two weeks and I've made about £250 from it so far. It took four weeks to write and another three weeks to test and get approved. .

As a rule you have a window of about three weeks of "peak" sales. If you make it in that period your sales will go on for maybe four or five months. If you don't then the sales fall off very sharply.

There are four significant "lists" of Indie games on the Xbox interface - **new releases**, **top downloads**, **top rated**, and a **list of games selected by IGN**. If you're on two of those four lists you'll be shifting a reasonable number of downloads (maybe 1,500 a day) and the average conversion rate is about 7% from what I've seen. But generally you make about 80% of your sales in the first month on market unless you're in the top five or six of the top downloads/rated lists.

I'm aiming to get another three games out before the end of the year, but if I don't have a "hit" by then I expect I'll be going back to working in an office for The Man. Four or five games which get you around 30 sales a day after your "release spike" is what you need to aim for to have a sustainable income from the service but that takes about 18 months. Plus, there's no real way to predict if you'll hit your marks or not. It's all good fun!"

What's been the best thing about self-publishing your game?

The freedom to decide what I work on and when

What's been the worst thing?

Financial uncertainly and time pressures

What would you do differently if you did it again?

More testing and listening to gamer feedback

What advice would you give someone thinking about self-publishing for the first time?

Never expect a game to make you rich or famous, and never undervalue user feedback

You can find out more about Mike and Mstar Games at www.mstargames.co.uk.

CORE ROLE 4: FINANCE

Traditional role: For the past twenty years, publishers have been the primary source of finance for games development. The traditional model is for a developer to create, at its own expense, a prototype of a game. If the game is greenlit, the publisher provides the developer with an advance to make the game, which will be offset against royalties earned by their game on release.

Canny developers seek to make a profit on the advance alone, since few games generate substantial royalties for the developer.

Books you should read #2

The Big Picture, Money and Power in Hollywood, by Edward Jay Epstein

[The Big Picture](#) shows in no uncertain terms how a small number of powerful movie studios have come to dominate Hollywood.

It shows how they manipulate the figures, broker deals and generally avoid paying talent wherever possible.

It's a great insight into the world of Hollywood studios, and I wish someone would write a similar book on the games industry.

"Revolution hasn't received royalties since 1997. Those were the days when royalties weren't actually a myth"

- Charles Cecil, CEO, Revolution Software²¹

One of the main reasons that publishers have dominated the financing of games is that it has been very difficult to interest financial institutions in investing in games companies, particularly developers. Those that have invested in developers such as Argonaut, Elixir, Lionhead, Red 5 and VIS Entertainment have either lost all of their money or struggled to make a good return.

As a result, most investors seeking exposure to the games industry have invested in publishers, which have a large portfolio of games and the ability to absorb the risks of a number of their games turning

²¹ <http://www.develop-online.net/news/34443/Cecil-30-staff-is-exactly-the-wrong-studio-size>

out to be flops. In turn, developers have needed to seek financing from publishers to invest in the large teams needed to create modern AAA games.

And the cost of games has exploded over the past decade.

A triple-A PlayStation game might have cost a couple of million dollars to make. By PlayStation 2 this number was approaching \$10 million while PlayStation 3 titles can be \$20 million or more. It is tough for any independent developer to finance any games at this level of expense, let alone build a portfolio.

As for self-publishing, you can forget it. The costs of manufacturing, distributing and marketing a AAA title can be four times the size of the original development budget.

“Call of Duty [Modern Warfare 2] cost \$40 million to \$50 million to produce, about as much as a mid-size film. Including marketing expenses and the cost of producing and distributing discs, the launch budget was \$200 million, on par with a summer popcorn movie.”

- LA Times, November 18, 2009²²

New role: The alternative sources of financing in the new world of digital distribution are only just emerging. For many developers, self-publishing means investing some of their hard-earned profits into small games that can be easily distributed. Finance becomes less a matter of securing external investors and more about ensuring that the studio has enough resources to finish the development of an iPhone or PSN game.

²² <http://articles.latimes.com/2009/nov/18/business/ft-duty18>

The Hollywood comparison

In the movie business, there is a saying:

- “there is no net”; or
- “Whoever pays the accountant determines the net”

That means that few major players in Hollywood see a share of net profits as a lucrative form of remuneration.

The superstars are able to push for “share of gross”, although the Hollywood studios are still able to manipulate the accounting of the gross to their advantage.

For everyone else, the Holy Grail is to push up their day rate, rather than chasing ephemeral royalties.

There are new alternatives. Some developers are investigating EIS or other tax-efficient vehicles to raise external development. R&D tax credits, regional grants and bank financing all play their part. Developers are seeking to widen the pool of money providers to include the military and educational establishments (for serious games), broadcasters and advertisers. It is only a matter of time before a new breed of games producer emerges: not the current “line producer” responsible for milestones, targets and delivery, but a Hollywood-style producer who secures the game idea, the developer, the financing and the distribution.

On the day that happens, the Golden Era of Gaming will have begun.

WHAT DOES A SELF-PUBLISHING DEVELOPER NEED TO KNOW?

I hope by now you are excited and raring to get out there and publish your own game.

But hold your horses. There’s a lot more you need to know:

Marketing: If you are making a GaaPy game, you need to know how to build launch excitement and mobilise your fans to become evangelists; if it’s a GaaSy game, you need to understand acquiring users, driving conversion and giving your players something they want to keep spending their money on. For all game types, you need to understand how to use email, social media and your website to build a game community.

Sales: How do I bill? Can I sell advertising, and if so, how? What business models will work well with my game?

Distribution: How do I get the game into players’ hands? How much will it cost and what is the best way of doing it?

Finance: How can I fund my game? What sources of money are there and how do I persuade them to give *me* money?

So many questions. I bet you’ve got dozens more.

The good news is that the following chapters will answer them all.

Excited? Enthused? Ready to be a publisher?

BUY the full report on *How to Publish a Game* today.

You will learn how to:

- Launch successful games
- Make more money
- Become an independent publisher

So stop just thinking about being a publisher and do something about it

[BUY HOW TO PUBLISH A GAME TODAY!](#)

VISIT WWW.GAMESBRIEF.COM/STORE/BUY

CHAPTER 3: BECOMING A PUBLISHER

DOES A DEVELOPER ALWAYS NEED A PUBLISHER?

*We didn't take any money from publishers because we didn't want them to f*** up our game!"*

- Mark Morris, Introversion, GDC 2006

"As it had happened, we hadn't taken any publisher's money because, somewhat embarrassingly, no publishers had offered any"

- Thomas Arundel, Introversion, bit-tech.net, 2009²³

The answer to this question is a resounding no. Developers such as Introversion (*Darwinia*), Jagex (*RuneScape*) and Ethan Nicholas (*iShoot*) have successfully self-published games on the PC, the browser and the iPhone. Other developers such as Kuju's Double Six studio (*Burn, Zombi, Burn!*) and Team 17 (*Worms*) have successfully self-published on Xbox Live Arcade or the PlayStation Network.

However, all of these developers have had to find a way of delivering the four core roles of publishing.

DOES A DEVELOPER HAVE TO *BECOME* A PUBLISHER?

For a game to be successful, all four core publishing roles - sales, marketing, distribution and finance - must be fulfilled. But that does not mean that a developer has to have all of these skills in-house. It simply means that they have to ensure that the jobs are done (and preferably done well).

For example, with an iPhone game, Apple runs the AppStore, which covers sales (taking the money) and distribution (getting the game into the hands of the consumer). In return, they take a 30% cut. Developers only have to worry about financing and marketing (although most indie developers seem

²³ <http://www.bit-tech.net/blog/2009/03/09/the-curse-of-darwinia/>

to bootstrap their development so don't need financing, and put no thought at all into marketing. And then they wonder why no one buys their App.)

WHERE TO FIND THE SKILLS A SELF-PUBLISHER NEEDS

A developer that aims to be a successful self-publisher needs to have access to the core skills of sales, marketing, finance and distribution. That does not mean, however, that it has to employ people for every role. It simply means that a savvy developer will:

- Understand all of the core publishing roles
- Determine who will undertake them
- Know enough about the publishing process to be able to negotiate with and manage third parties that are responsible for carrying out the roles

So an XBLA or PSN developer can be confident that Microsoft and Sony will carry out the sales (billing) and distribution function, leaving the developer responsible for marketing and finance. In the case of a browser-based MMO, a developer will need to manage the billing, drive traffic to the website, negotiate with online distribution partners and secure sufficient finance to launch the initial game.

My core advice is to outsource everything that is not critical to your success. Focus on your "secret sauce", the key ingredient that makes you unique. Billing, hosting, email marketing - all of it can be outsourced to someone else for whom it is *their* secret sauce.

You'll sacrifice margin, which will feel painful. But you are also not having to build expensive infrastructure and hire expensive people to do it yourself, which is an enormous benefit to your cash flow.

You can consider bringing those elements in-house when you have achieved massive success, and can spread the fixed costs across a huge revenue base. But in the early days of your self-publishing experience, keep it lean.

“Using the latest technology, a lean startup can create product prototypes in weeks and months, not years, and use customer feedback to evolve them in near-real time.”

- Eric Ries, serial entrepreneur and author of the blog [Startup Lessons Learned](#)²⁴

SO WHICH SKILLS SHOULD I FOCUS ON?

If I say it depends, you’ll want to hit me, right?

Well, it depends.

My guess is that most developers instinctively want to make games that are products. There is no shame in that - it’s easy to understand and feels very familiar. By now, you may be realising that I favour games as a service, where you have an opportunity to build a relationship with your consumers and your revenues over time. It is much less risky for a start-up, and requires much less upfront cash.

If you are going to **publish games as a product**, you are self-publishing in the old model. You will need to invest heavily upfront, you will need to build buzz for launch and day one sales will be critical. The good news is that because you are publishing your own game, you

Audiences

There is no point in determining your publishing strategy until you have determined the most important question of all.

Who is your audience?

Are they the hardest of hardcore gamers? In which case, a Facebook game is unlikely to appeal (although they may be people who will Like your game on Facebook and promote it to all their friends).

Are they women over 25? I wouldn’t make a PSN game for them, then.

Knowing your audience will show you which games platforms your players use. It will help you pick the marketing channels which will reach your type of gamer most cost-effectively.

Know your market, and everything else flows from there.

²⁴ <http://gigaom.com/2009/08/11/the-promise-of-the-lean-startup/>

will be able to continue the marketing support, even with a tiny budget, for months and years.

I recommend that you start building your community as soon as possible. Use all of the techniques in this book to create a core audience who will support you, buy your game and then evangelise it to their friends. You will need to build a clear, coherent marketing plan, manage the process carefully and become a PR ninja, because you only get one or two shots at it.

“Write a marketing plan which outlines the ‘story’ which will interest fans and publications/websites, and use this to make the launch an ‘event’. Without a substantial budget, you will rely absolutely on the excitement that you create, which then needs to spread virally.”

- Charles Cecil, Revolution Software²⁵

If you are focusing on **publishing games as a service**, you can afford to take your time. You have the luxury of being able to make mistakes. Your development budgets will be smaller, you will probably launch without fanfare and start building awareness and engagement over time.

In both cases, you need all the skills of the publisher. So keep reading to learn about them all.

²⁵ See Lessons learned 2, Charles Cecil, Revolution Studios, p. 21

Lessons learned 4: Patrick O’Luanaigh, nDreams



Patrick O’Luanaigh is CEO of nDreams, an independent developer making innovative games such as *Xi* in PlayStation Home, *Spirit of Adventure* on Facebook and *Secret Lewis*, an alternate reality game starring Lewis Hamilton and made for Reebok.

He was previously Creative Director at SCI and Eidos and has 14 number one games under his belt.

What’s been the best thing about self-publishing your game?

Having a direct relationship with our customers; being able to talk to them immediately and directly and find out what they liked and didn't like, then make changes accordingly.

What’s been the worst thing?

The up-front costs and cash-flow between paying your staff to create the content, then finally getting the money back in your bank account.

What would you do differently if you did it again?

We're learning huge amounts every time we publish something, so we have no regrets. We have gained a respect for just how important marketing and PR are, though!

What advice would you give someone thinking about self-publishing for the first time?

Go for it - as long as you've done your research, thought it through, and understand the importance of making something with a genuine 'hook'/USP, then give it a go. Just don't assume that making a great game is enough to generate huge success. There is much more to it than just the game creation aspect!

You can find out more about nDreams at www.ndreams.com.

CHAPTER 4: DETERMINING YOUR BUSINESS MODEL

I recently attended a conference at which the following question was asked by a developer in the audience:

“Do I need to decide on the business model before developing the game?”

If you are seriously asking this question, then I have news for you.

You are not ready to self-publish.

Pitch a game to a publisher the old way, or make an iPhone game and stick it up on the AppStore. You never know, you might get lucky.

But if you are ready to think about all of the many different business models available, read on.

MAKING MONEY

Developers are in the business of making money. No matter how much you (or your team) want to break new boundaries or create the game that you’ve always wanted to play, you still need to pay the bills.

Historically, the only source of revenue was a publisher, with all of the benefits and disadvantages that entailed. Now that developers can go direct to the consumer, there are eight main ways that you can make money from your customers.

THE EIGHT WAYS TO MAKE MONEY FROM A GAME

Now consider the following eight major sources of revenue for a game. Five of them are direct from the consumer, three are indirect and none of them are mutually exclusive.

- 1. Sell the game:** A one-off payment by the consumer to own the game, whether distributed physically or digitally (this means your game is essentially a “boxed product” even if it’s only sold digitally. Most PSN, XBLA and iPhone games fit in this category).

2. **Offer a subscription:** A subscription (typically monthly) to access an online game, which usually follows a free trial period.
3. **Offer premium features:** In this model (often called freemium) users can play the game for free but are offered features that make the game much easier to play. Browser-based real-time-strategy game [Wars](#), for example, offers premium users enhanced menu bars, the ability to queue more than two buildings for construction and improved navigation of the world map.
4. **Virtual goods:** Offer gamers the chance to pay for in-game items such as decorations for their virtual home, more powerful weapons or chips to play in a virtual poker tournament.
5. **Skill-based gaming:** Gamers bet on their skills in a game, either against the computer or each other. The house takes a rake from each bet. Examples include [King.com](#) and [GameDuell](#).
6. **Display advertising:** Advertising revenues can come from dedicated in-game networks such as IGA and Massive, web-based services such as Google AdSense or by talking directly to media buying agents and brands themselves. This being the web, new models are evolving all the time, with the established display CPM (Cost per, bizarrely, Thousand) and affiliate-led CPC (Cost per Click) modes being joined by CPI (Cost per Install) and others.
7. **Sponsorship:** Brands are increasingly turning to making games themselves to reach new and existing audiences in a deeply engaging environment. In this case, the brand is not simply putting ads around suitable content; they are asking developers to create and fine-tune the content to meet their brand objectives.
8. **Offers and rewards:** Some people have more time than money. Offers companies such as [TrialPay](#), [Super Rewards](#) and [Offerpal](#) have sprung up to offer people who want to purchase virtual goods the option to earn currency by taking surveys or signing up to free trials instead of paying cash. Although there has been negative publicity (and some very sharp practices - see Scamville on p. 67) around offers, they remain a legitimate and valuable revenue stream.

In Table 1, you can see the pros and cons of the eight different business models.

Table 1: Eight revenue models

Direct revenue

	Pros	Cons
Sell the game	<ul style="list-style-type: none"> • Fire and forget development • Familiar process for many developers • Significant revenue at launch 	<ul style="list-style-type: none"> • Focus on launch day gives only one chance to maximise sales • Limits ongoing relationship with gamer • Typically higher price point • Hard to offer a free version of the game (which loses a powerful marketing tool) • Requires 100% of development budget to be spent upfront
Subscription	<ul style="list-style-type: none"> • Recurring revenue stream • Predictability of income • Easy for consumer and developer to understand 	<ul style="list-style-type: none"> • Long-term commitment deters users • Ongoing development costs • Requires billing and customer service infrastructure • Hosting and server costs • Limited upsell opportunities • <i>See Ten reasons why microtransactions are better than subscriptions on p. 61</i>
Premium features	<ul style="list-style-type: none"> • Offers clear value to premium customers • Easy to code • Features rarely as compelling as virtual goods 	<ul style="list-style-type: none"> • Means “hobbling” the free version (i.e. your prospects get a poor experience) • Needs different designs/layouts for each service, which adds usability and testing headaches • Requires billing and customer service infrastructure • Features rarely as compelling as virtual goods
Virtual goods	<ul style="list-style-type: none"> • Allows the user to set the price they want to pay • Easy to track and measure • Flexible • Often generates the most revenue 	<ul style="list-style-type: none"> • Requires billing and customer service infrastructure • Requires substantial investment in inventory management • Hosting and server costs • Ongoing development costs
skill based	<ul style="list-style-type: none"> • Generating revenue from customers • Revenue not limited by subscription rates • Easy for customers to understand 	<ul style="list-style-type: none"> • Perilously close to gambling • Highly competitive market • Games need to be simple, making it hard to differentiate your offering.

Indirect revenue

	Pros	Cons
Display advertising	<ul style="list-style-type: none">• Monetises traffic even if users aren't paying• Can be simple to implement	<ul style="list-style-type: none">• Can cheapen your brand• Requires active management to generate substantial revenues• Most ads currently targeted at gamers are for rival games• Unlikely to finance your entire game, even once the current market improves
Sponsorship	<ul style="list-style-type: none">• Substantial budgets available• Can pay for the entire game	<ul style="list-style-type: none">• Work-for-hire revenue that simply swaps the publisher for a brand• Requires significant and specialist business development work with media agencies and brands
Offers and rewards	<ul style="list-style-type: none">• Additional source of revenue for virtual goods businesses• Offers alternative means of paying for cash-strapped consumers• Relatively simple to implement (provided virtual goods have already been implemented)	<ul style="list-style-type: none">• Carries all the negatives of Virtual Goods• Requires careful monitoring• Tainted by scandal (see <i>Scamville</i> on p. 67)• Potential for negative PR

Once you have a successful game, there are additional potential revenue streams such as expansion packs or merchandising opportunities, but these eight major sources of revenue are the primary ones that you should consider when designing a game that you want to self-publish.

A note on microtransactions

Some people dislike the term microtransactions, arguing that any purchase is just a "transaction".

I disagree, because I think it is useful shorthand for a variety of small purchases. It covers both upgrades to premium features (#3 in the list above) and purchases of virtual goods (#4).

1. SELL THE GAME

The key disadvantage of a one-off sale is that it is, well, one-off. That means that your development business remains hit-driven and your cash flow is still lumpy and unpredictable. A smart developer will focus on long-term revenue streams as well as a one-off payment, such as subscriptions, microtransactions or downloadable upgrades.

(In fact, in my personal opinion, a smart developer won't try to sell the game at all. Asking consumers to pay for a game is a barrier to them playing your game. Once they are hooked on your game, you can extract money from them in a number of different ways; until then, you have to spend money on marketing to them. I prefer to let the game do the marketing for me, and then focus my efforts on upsells and promotions. See

Chapter 5: The power of free to see why I am such a big fan of free.)

If you are going to sell the game, you can still use many of the marketing techniques that GaaS games use. Use them to get visitors to your website and to build a community of evangelists and early adopters who will give you a predictable core of buyers for your games.

2. SUBSCRIPTIONS

Subscriptions are as easy to understand as selling a product. Every single company that I have spoken to that is thinking about offering an online service always, without exception, proposes subscription as its business model.

I think that is a mistake.

Subscriptions have their place. They provide certainty of revenue, an easy billing mechanic and developers are selling something they understand: access to the game.

On the other hand, consumers have a limited appetite for multiple subscriptions. You are likely to have to persuade a consumer to cancel one subscription before they sign up to your subscription, which is very big ask.

Bigpoint says that it makes more money per paying user from virtual goods than subscriptions. I'm personally much more in favour of virtual goods than subscriptions. (See *Ten reasons microtransactions are better than subscriptions* on page 61).

But some of the most successful games companies in the world use subscriptions. Some, like Jagex, have even managed to combine free-to-play marketing techniques with an extremely profitable business model based on subscription.

[Runesca](#) has ten million users each month. Nine million of them play the game entirely for free; one million subscribe for about \$5 to get access to the full game, including new areas, new quests and new items.

It's a business model that has been hugely profitable for publisher Jagex, which generated profits of £18 million on revenues of £38.4 million in the year to March 2009. That's an operating margin of 47%.

Why short-term memory limits how many subscriptions you'll buy

Your average human has a short term memory for seven items. Sony has said that most consumers are happy paying for about seven subscriptions.

There is a correlation between these two facts.

A list of more than seven items (actually between five and nine depending on the person) seems endless. That's because as one item drops out of your short-term memory, another one drops in. That's why to-do lists can make you feel more in control – you're removing the tyranny of your short-term memory and can see everything that you need to do. You can check your own short term memory limit at www.braingle.com/mind/testnumbers.php.

Utilities like water and electricity don't seem to count, but a subscription to Sky Movies or Netflix does. As does the gym, magazine subs and your subscription to [World of Warcraft](#). (Mobile phone contracts used to count, but increasingly it's seen as a utility for many people).

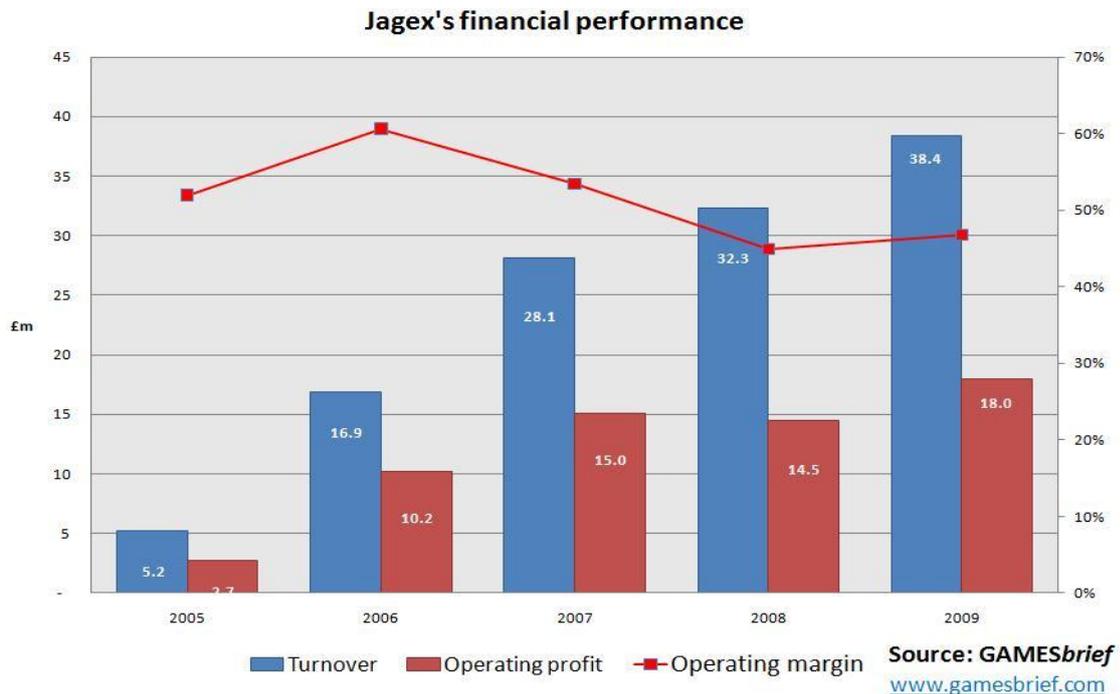
It's easy to see why people won't sign up to a new subscription if they're already feeling oversubscribed. In essence, you need to encourage them to drop another sub to let yours in.

Are you really so confident in the power of your marketing that you believe that someone will give up their gym membership in order to play your game?

Figure 3: RuneScape, a free to play game from Jagex



Figure 4: the profitability of Jagex, publisher of *RuneScape*²⁶



²⁶ <http://www.gamesbrief.com/2010/04/free-doesnt-work-try-telling-that-to-jagex-making-38m-from-one-free-game-runescape/>

So I won't say that subscriptions don't work. It's just that I think Jagex could be even more successful with a virtual goods business model.

A note on selling to children: *Virtual goods can be a very attractive gameplay mechanic for children. However, I am deeply uncomfortable with the ethical issues of a micropayment model for children. The virtual goods model relies on creating a sense of need and desire for status and progression in your users, and then asking them to pay for a series of small purchases to satisfy these desires. For adults, I think that's fair game. For children, I don't.*

"The first use of my card was on 14 March. I discovered it on the 29th and the card was stopped at that point. Any transactions after that date were already in the system, so what I thought was a £427 spend turned into £625 over the next few days.

The total spend is about £905, but the credits are still rolling in. Facebook and Zynga will not refund anything as (my son) lives in my house."

- Mother of 14 year old boy who spent over £900 on Farmville item, The Guardian²⁷

Club Penguin solves the problem by allowing children to earn virtual currency by playing minigames. They can spend their earnings on virtual goods, but only if they are subscribers.

This elegant solution means Club Penguin can use all of the viral hooks and game mechanics that keep players engaged in a virtual goods economy, while not allowing kids to spend and spend and spend. This is a rare occasion where I prefer subscriptions over microtransactions.

Everyone wins:

- Gamers get a compelling virtual goods game.
- Parents get the satisfaction of knowing that their kids are actually playing the game that they've paid for, and they know exactly how much it will cost each month.
- The games company is happy because they are harnessing pester power (and hopefully word of mouth) to drive subscription revenues.

²⁷ <http://www.guardian.co.uk/money/2010/apr/07/farmville-user-debt-facebook>

- *The games industry is happy because we are not being accused of exploiting children (well, no more than usual).*

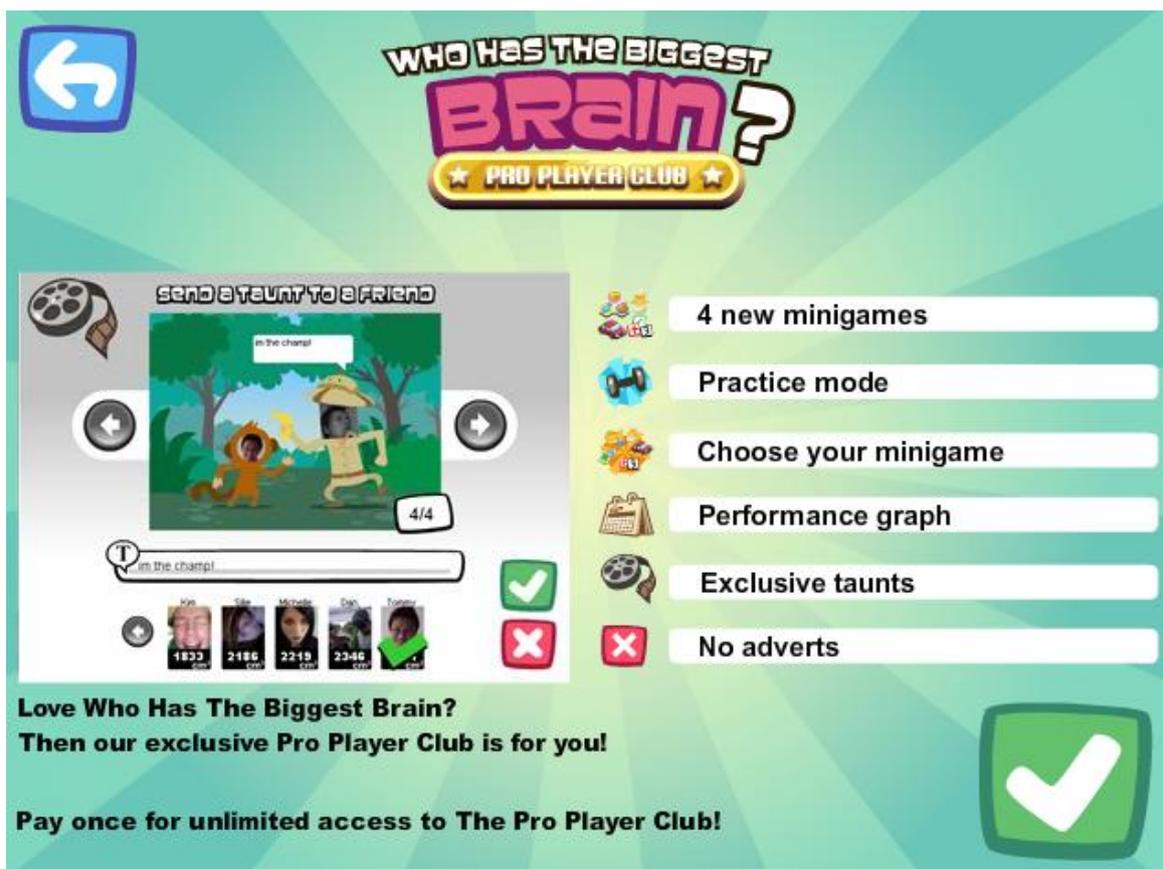
3. PREMIUM SERVICES

A premium service is a way of offering your users ways to get more out of your game.

It might be additional “modes” of a Match-three game, exclusive features or better navigation.

Playfish offers users the chance to upgrade to the Pro Player Club for [Who Has the Biggest Brain](#) for £6.99. It removes the adverts (a very common benefit of going pro which appeals to those players who hate advertisements), offers four new games and allows “exclusive taunts”.

Figure 5: Who has the Biggest Brain Pro Player Club



[Tribal Wars](#) developer Innogames takes a different (and in my view, bizarre) approach. They hobble the free version of the game with a shoddy menu system and limited build queues (if you’re a fan of

real-time strategy games, you'll know how important this is.) Players can pay for premium services in order to have a better interface and user experience.

I always recommend that you give free users a great experience. Playing your game for free is your most powerful marketing tool. You want people to convert to being paying customers. It's difficult to convince people by saying "yeah, sure, the free version's rubbish. But pay for the paid version, it's sooo much better."

So make the free game as good as possible, and give players the opportunity to pay for additional benefits and features.

For most developers, I expect premium features to be icing on the cake, not a core revenue stream.

4. VIRTUAL GOODS

Virtual goods were a virtually unknown business in the West until only two years ago. They had been prevalent in China and Korea but Western commentators agreed that the Western market was, well, different.

How wrong they were.

The phenomenal growth of free-to-play and Facebook games has been driven predominantly by virtual goods. InsideSocialGames estimates that the US market for virtual goods alone in 2010 will be

Oblivion's horse armour

Bethesda's attempt to bring virtual goods to traditional games was so inept that it has gone down in folklore. Many hardcore gamers still think of *Oblivion's* horse armour when you say "virtual goods".

That's because Bethesda totally failed to understand consumer motivation. They offered a piece of in-game decoration for a single player game!

Sure, it had some utility, but gamers don't want to pay for utility. In single player games, they want to pay for content; in multiplayer games, as we'll see later, they want to pay for status or advancement.

Horse armour offered "personalisation" in a single player environment.

And that is not what punters want.

\$1.6 billion, half of which will come from games on Facebook and MySpace.²⁸ Successful companies such as Zynga, Playfish and Bigpoint rely on selling virtual goods for the majority of their revenue.

For developers coming from the traditional world of making console games, this can be a huge upset to their view of the world.

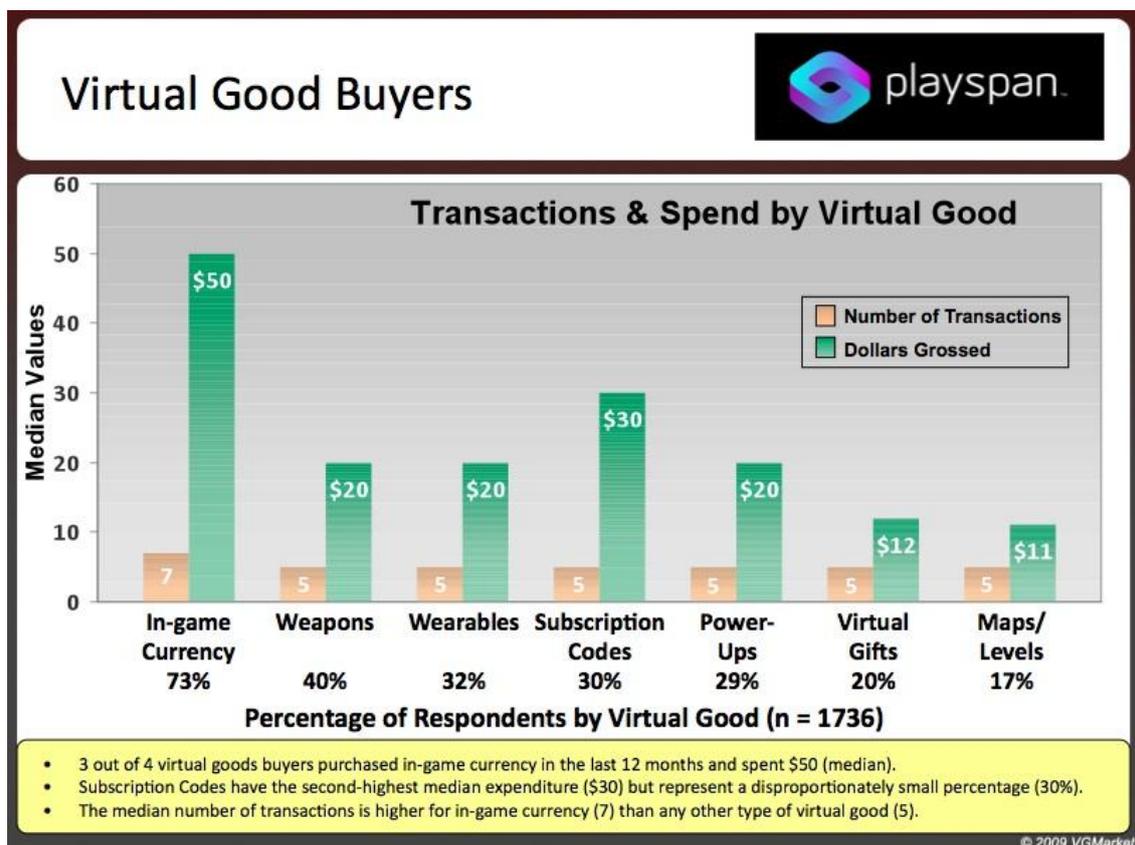
And here is why:

CONSUMERS DON'T VALUE YOUR CONTENT

Perhaps more accurately, they don't value what costs you the most to create. The intricately-crafted world, the complex programming, the vast levels where players can explore and play - these are often given away for free.

So if gamers are increasingly not paying for content, what are they paying for? This chart from virtual currency operator PlaySpan might help make things clearer.

Figure 6: Which virtual goods do consumers buy?



²⁸ <http://www.insidevirtualgoods.com/future-social-gaming/>

The chart shows the spending habits of gamers from around the world on virtual goods. The sample is very heavily skewed towards browser-based games and is not representative of console gamers.

I mainly focus on the percentage figures below the chart. These show what percentage of users has purchased which virtual good. For example, 20% of all gamers who have bought a virtual good have bought a virtual gift. My observations on the chart:

- We can ignore the 73% of people who bought virtual currency. It tells us nothing about why they purchased. (It's like suggesting that the most popular purchase in Heathrow Airport is dollars - it tells us nothing about what people want to buy, merely about how they do it.)
- Similarly, 30% of people buy subscription codes. They are just buying subscriptions, not virtual goods.
- We can group the others into three categories:
 - Achievement/progress (Weapons and power-ups);
 - Status (Wearables and Virtual Gifts);
 - Content (Maps and Levels)

GAMERS DON'T BUY CONTENT

Only 17% of virtual goods purchasers have bought maps and levels. This is deeply distressing to traditional developers. If you are making a free-to-play game, you need to assume that you cannot sell your content. You have to sell something else.

GAMERS BUY FEELINGS

I've gone all touchy-feely.

What gamers buy is feelings and emotions. When a million people bought Santa Hats in Nexon's *Kart Rider* at \$2 a pop, they weren't actually buying hats. They were paying to feel Christmassy. They were paying to have fun. They were paying to fit in with the 999,999 people who also had Santa Hats.

That's not buying a virtual good. That's buying a feeling.

And it's time that developers realised that they are in the business of selling feelings.

Luxury goods manufacturers have known that for years. When you buy a Gucci handbag, a pair of Manolo Blahniks or a TVR, you don't really believe that the product is more expensive than its rivals, do you? You're making a statement to yourself and others by your purchase.

Maybe it's about "I'm worth it". Maybe it's about showing you can afford it. Maybe it's something you've always wanted. But the value to you is much more than the constituent parts.

The same is true about virtual goods.

Going back to our virtual good categories, the people who are spending on wearables and virtual goods are paying for a range of emotions or feelings.

They might be paying to:

- **Fit in:** "Everyone else has got a Santa Hat, I want one too"
- **Stand out:** "Look at me with my twin flaming swords of Poinsettia"
- **Fit in AND stand out:** "Hey, we're the guild where everyone wears purple"
- **Build friendships:** "Here, let me give you some flowers as a sign of our friendship"
- **Flirt:** "Here, let me give you some flowers as a sign of things to come..."

I could go on. The key point is that they are not *buying* any of these things (they can't - they're virtual). Gamers are buying the experiences and feelings and emotions that they offer.

Console gamers are different

One of the main challenges I face in my consultancy work is helping console developers understand web-based gaming models.

And there is a good reason for this: console gamers are different.

They think nothing of spending \$500 on a console and \$50 every month on new games. They are used to paying for their content.

Which is why they object to paying for "status" items in game. They have already paid for their experience.

Contrast that with a social gamer playing an online game with thousands of other people entirely for free.

For them, paying for virtual goods is not an imposition; it's an opportunity they actively want.

Understanding this difference is critical to making the transition to building games based around virtual goods.

GAMERS TRADE TIME FOR MONEY

The most popular areas of spending in PlaySpan's survey were power-ups and weapons. These can represent many things, but one of the main things they represent is trading time for money.

For some gamers, spending hours grinding through a game to level up is not fun. The opportunity to purchase weapons or upgrades for cash is an attractive way to accelerate progress in the game.

This can be a contentious issue. In many of the countries where virtual goods developed early (notably Korea and Germany) players seem entirely comfortable with paying for progress, whereas in the US and UK a vocal minority view it as "unsportsmanlike".

"Charging for power-ups is a murky road to go down... it devalues those who grind their way up to earn their status in the game."

- Jack Arnott, The Guardian²⁹

I think that the "unsportsmanlike" view has it backwards. Not everyone can dedicate all day, every day, to a game. Allowing people to trade money for time seems a great way to even out the playing field in online games. It's also what most gamers appear to be prepared to pay for.

VIRTUAL GOODS CONCLUSION

"I absolutely believe that you'll see virtual goods-driven games coming to consoles in the living room -- I actually believe that's inevitable."

- Neil Young, CEO, ngMoco³⁰

Virtual goods have been the powerhouse that has driven companies like Zynga, Ten Cent and Shanda to multi-billion dollar valuations. Coupled with a marketing strategy that allows gamers to play the game for free (see Chapter 5: The power of free), they are a real threat to the traditional publishing model.

²⁹ <http://www.guardian.co.uk/technology/gamesblog/2010/feb/15/fifa-farmville-world-cup>

³⁰ <http://uk.wireless.ign.com/articles/107/1071286p1.html>

TEN REASONS MICROTRANSACTIONS ARE BETTER THAN SUBSCRIPTIONS

1. MICROTRANSACTIONS ARE USER-LED, NOT DEVELOPER-LED

With microtransactions, the user decides how much they want to pay, and when. You don't have to fret over whether your game is worth £3.95 or £14.95 per month. The user will pay what suits them.

2. THERE IS NO "GATE"

With subscriptions, you let the user play your game for, perhaps, 30 days. And then you say, abruptly, "pay up or git orff my land." Not friendly and not smart. The biggest challenge for a game company is acquiring a customer; you had one but you just kicked them out. That customer ain't never coming back.

3. PLAYERS CAN SPEND WHEN THEY WANT TO

When does a consumer want to pay? When he's just been paid? When she's just had a hard day at work? On a Monday (because money at the end of the week is reserved for partying)?

More importantly, why should you determine the day that they have to spend? With microtransactions, a user can spend the day after they've got paid, or when they know they haven't got a hot (and expensive) date for a week or two, or whatever. Let the user be in control.

4. PLAYERS CAN SPEND AS MUCH AS THEY WANT TO

Bigpoint has some players who spend over \$1,000 per month on virtual items. Others, I'm sure, spend only a dollar or so. But the key point is that those players who have lots of money have the opportunity to spend it. With subscriptions, users have a binary choice: zero or, say, \$4.99. There's nothing in between and, more importantly, nothing higher. Imagine how much money you are leaving on the table from your biggest fans.

5. MICROTRANSACTIONS MAKE IT EASY TO KEEP THE GAME FRESH

With micro-transactions, it's easy to think of how to refresh the game: add new items. It provides an easy path for development.

6. MICROTRANSACTIONS ARE TRACKABLE

The curse of development is not knowing what users like: it's why Lionhead spent so much money on a pointlessly over-sophisticated movie maker within [The Movies](#) instead of focusing on the strong and entertaining sim game it came bundled with. With microtransactions, that goes away. You can see what users like BECAUSE THEY SPEND MONEY ON IT. And then you can adapt the game to keep making your players happy.

7. MICROTRANSACTIONS ARE FLEXIBLE

Some players like wearable items. Some like power-ups. With microtransactions, you can offer different items for different customers, and endlessly test what works.

TEN REASONS MICROTRANSACTIONS ARE BETTER THAN SUBSCRIPTIONS (cont.)

8. MICROTRANSACTIONS OFFER A/B TESTING OPPORTUNITIES

Does a pink coat sell better than a blue coat? Do players want bigger swords or better armour? Do players want swords that look good, or do they want swords that are more effective?

With A/B testing (nothing more complex than randomly offering half your users one item and half another and tracking conversion rates), you can fine-tune your sales to give better monetization.

9. CONSUMERS HAVE A LIMIT TO THE NUMBER OF SUBSCRIPTIONS THEY WILL PAY

Most consumers have a short-term memory for seven items and are uncomfortable having more subscriptions than they can remember (see *Why short-term memory limits how many subscriptions you'll buy* on p. 52). That means that if their subscription "slots" are full, you need to kick another subscription out. That's a very high barrier to entry.

10. MICROTRANSACTIONS MAKE MORE MONEY

Given the existence of *Warcraft*, this is obviously contentious, since Blizzard is making over a billion dollars a year from *Wow*. Perhaps it is better to say that for a number of successful games companies, microtransactions have convincingly shown an ability to monetize well. By reducing the barriers to entry, they've also enabled companies to make higher revenues with lower marketing costs than for subscriptions. And, in many ways, it's lower risk, since you have a powerful marketing channel (your free game) with a route to monetization (your microtransactions).

11. BONUS REASON: CONSUMERS ARE COMING TO EXPECT IT

This hasn't happened yet, but as more and more games go free to play, consumers will expect that. By going down the "30-day trial then subscribe or you're out" route, you're alienating customers who have many other choices to satisfy their gameplaying habits.

5. SKILL GAMING

Skill gaming involves playing games of skill where you can win cash prizes. It's part entertainment, part gambling.

Figure 7: Skill-based websites like GameDuell let you win real money



I long ago decided that gambling was a business that was dependent on an understanding of law and regulations more than on how to build an entertainment business. I decided that I wanted to focus on entertainment, not law. So I have spent very little time working with skill gaming companies.

Nevertheless, many of the publishing techniques in this book are relevant to skill gaming.

6. ADVERTISING

When most developers think of creating a free offering, they think of funding it with advertising. Unfortunately, it's not that easy.

The advertising market is complicated, jargon-ridden and filled with a plethora of agencies and middlemen. It can be a challenge to navigate, and if you choose to use middlemen (and you will almost certainly have to), they can suck up 80% or more of the advertising spend.

Advertising is a very broad term and includes:

- **In-game advertising:** Offered by Massive, IGA and Double Fusion
- **Around game advertising:** Standard web banners and links
- **Pre-roll ads:** A format particularly well suited to video ads, shown before or after each game play.

- **Affiliate marketing:** Links to products or services where the developer gets a percentage of the revenue generated by the advertiser
- **Cost per install:** An iPhone business model where the developer is paid when someone installs an App

There are other models, and new ones are being developed all the time. Advertising is an attractive and useful revenue stream. But for all but the most focused companies, it is likely to be an additional revenue stream, not a primary one.

I cover advertising in detail in *Chapter 7: Sales*.

7. SPONSORSHIP

The key difference between sponsorship and advertising is that with a sponsorship deal, the advertiser puts up some or all of the development budget in advance.

In effect, developers are simply swapping out publishers as sources of finance and replacing them with advertisers. Instead of dealing with a publisher's unreasonable demands, a developer now has to deal with an advertiser's unreasonable demands. And advertisers don't understand games.

It's not an easy route, but it can be very successful. Fishlabs is a German iPhone developer that generates half of its revenue from advertising deals and half from self-publishing iPhone games.

Its most popular game to date has been Barclaycard's [Waterslide Extreme](#), an iPhone game which has had 10 million plays and was number one in 57 countries.

In the long run, advertiser-funded games are going to cause a real challenge for independent developers. When there are high-quality games available with budgets that might stretch to over \$1 million available for free and distributed with all the marketing muscle of a major brand, how will indies charge for their games?

Figure 8: Barclaycard's Waterslide Extreme



To make the sponsorship model work, you will need to cultivate strong relationships with agencies and brands. It's no good making a couple of games and sitting back waiting for the phone to ring. Advertising agencies are staffed by busy, self-important people who are used to suppliers pitching them with ideas. If you are going to get sponsorship work, you will need to use up a lot of shoe leather pounding the streets (and it will be the streets of Adland: London, New York, San Francisco/LA. Agencies won't come to you.)

Developer [nDreams](#) has realised the importance of this. (Full disclosure: I'm a non-executive director at nDreams). They've made games like *Xi* for Sony and *Secret Lewis*, starring Formula 1 driver Lewis Hamilton, for Reebok. These are high-production value titles, not disposable Flash-based advergames.

nDreams has hired the former head of planning at M&C Saatchi, Matt Willifer, to spearhead this business.³¹ That's a full-time board director focused exclusively on talking to agencies and clients to help them understand the value that games can offer to brands.

³¹ <http://www.gamesbrief.com/2009/12/why-brands-are-not-just-embracing-video-games-theyre-funding-them/>

Figure 9: The Secret Life of Lewis Hamilton, a game from nDreams³²



“If done right, gaming has the potential to be at worst an incredibly cost effective and immersive form of advertising, and at best a whole new revenue stream for a brand.”

- Matt Willifer, Director, nDreams³³

In other words, don't expect sponsorship to work if all you do is talk to a couple of agencies every few months. It takes a lot more work than that.

8. OFFERS AND REWARDS

Offers and rewards are a subset of the virtual goods model. Only instead of the consumer paying you for their virtual goods, someone else does.

It is essentially a variant on the lead generation advertising model. Let's look at the participants:

- You, the developer, want money
- The player wants virtual goods without paying for them
- Advertisers want leads to their websites and sales funnels

Offers are a way of satisfying all three.

³² www.secretlewis.com

³³ <http://www.gamesbrief.com/2009/12/why-brands-are-not-just-embracing-video-games-theyre-funding-them>

Advertisers such as Netflix and LoveFilm are very focused on customer acquisition. They know that for every customer who arrives at the top of their sale funnel, a certain percentage will become subscribers. If they know the conversion rate (which they do) and the lifetime value of the customer (which they do), they know exactly how much they are prepared to pay for a lead.

And they're happy to pay you that much for each lead.

A gamer who doesn't want to pay for virtual goods might instead sign up for a free trial of LoveFilm, or fill out a survey. The advertiser pays you cash, the gamer gets their virtual goods for free. Everyone's happy, right?

Well not quite.

Michael Arrington at TechCrunch has been on a one-man crusade to reveal what he calls "The social gaming ecosystem from hell".³⁴ He describes an unhealthy alliance of game companies, offer intermediaries and advertisers who don't care about the quality of the user experience.

He argues that the industry is prepared to accept these dodgy offers because they need the revenue.

Scamville

The main "Scamville" controversy centres around offers that are wilfully misleading.

For example, one survey asks for your mobile phone number to text the results to you. When you provide it and enter a PIN to get your results, you are signed up to a \$9.99 monthly content subscription without your knowledge.

This is sharp practice of the worst order and very damaging to our industry. But the unethical behaviour of a few companies does not mean that there is something inherently wrong with offers.

"The games that scam the most, win."

- Michael Arrington, TechCrunch

³⁴ <http://techcrunch.com/2009/10/31/scamville-the-social-gaming-ecosystem-of-hell/>

I disagree with Michael. He has done the industry a great service by exposing sharp practice by a limited number of advertisers and tightened up the scrutiny of poor quality offers that tie users into long term deals that were not adequately described.

But offers form a valid and valuable part of an independent developer's revenue. Use them wisely, be alert for any sharp practice from your partners, and they have a place in your arsenal.

PLAYFISH CASE STUDY

Playfish is a hugely successful games startup. Founded in November 2007, the company raised \$21 million and was acquired by Electronic Arts for up to \$400 million in November 2009.

Its secret? Using the viral marketing inherent in Facebook to generate users. Like all good start-ups, Playfish has experimented with a number of different business models.

1. Sell the Game

Playfish offers [iPhone](#) and Android versions of [Who Has the Biggest Brain](#) for £0.59. I don't believe that this was part of Playfish's original vision. But when the iPhone phenomenon exploded, followed swiftly by the arrival of Facebook Connect bringing Facebook to the iPhone, Playfish was quick to react. A great example of how smart start-ups are agile and able to change strategies rapidly to benefit from new market conditions.

2. Offer premium features

On games like [Who Has the Biggest Brain](#) and [Word Challenge](#), Playfish offers users the chance to upgrade to a Pro account. Pro members get new game modes, unique "taunts" and no adverts for a one-off fee of £6.99.

3. Virtual goods

The majority of Playfish's revenue comes from virtual goods. These range from fancy seating and toilet cubicles in [Restaurant City](#) to equipment and clothing for your virtual pets in [Pet Society](#). Users choose to buy virtual goods for a range of reasons, ranging from vanity through desire to progress in the game faster through to "keeping up with the Joneses". Between one and 20% of an average web game's users choose to buy virtual goods, and it has been very successful for Playfish.

4. Banner advertising

Playfish was one of the first games companies to work with Google's [AdSense for Games](#) offering [banner or rich-media advertising](#) in and around the game. At the end of each play session, Playfish puts up an ad spot and Google either shows a video ad or a static banner/text ad. Each month, Google writes Playfish a cheque based on a combination of the number of advertising impressions shown or the number of clicks on the ads.

5. Sponsorship

In December 2008, Playfish announced that it would be launching a new level for *Geo Challenge: The Great Escape Edition* [sponsored and paid for](#) by Proctor and Gamble's Herbal Essence brand. The brand got a site takeover, consumers got new content and (I assume) Playfish received money.

6. Offers and Rewards

Playfish has integrated offers from TrialPay and has so far seemed to have avoided being tainted with the Scamville challenges (see p. 67)

I'm not arguing that all games need all these revenue streams, far from it. But Playfish has experimented with many different ideas to see what resonates with its consumers and partners.

ARE YOU VIRAL OR ARE YOU MONETISED?

This question is often misunderstood.

It's not about whether you make money; it's about *how* you make your money.

A **viral game** is all about getting users cheaply. These users may not convert terribly well or choose to spend very little money on your game, but since it cost very little to recruit them, that doesn't matter. It's possible to make a vast amount of money out of a viral game (just look at [Farmville](#)).

A **monetised game** is very good at extracting money from its users. It is so good, in fact, that it can afford to (and often has to) spend a lot of money on advertising and marketing. But that's OK, because both games make the same gross margin.

To illustrate this point, I've put together a sample (and very simple) financial case in Figure 3.

Table 2: Viral versus monetised

	<u>Viral</u>	<u>Monetised</u>
Users	10,000,000	200,000
Percentage of users who pay	5.0%	100%
Number of paying users	500,000	200,000
ARPPU	£ 2.00	£ 10.00
Revenue	£ 1,000,000	£ 2,000,000
Marketing spend per user	-	£ 5.00
Total marketing spend	-	1,000,000
Gross profit	£ 1,000,000	£ 1,000,000

This entirely fabricated example pits a successful Facebook game (in the top 20 most successful games on Facebook at the moment based on [Appdata](#) data³⁵) against a successful downloadable PC game. I've made the monetised game a PC title to strip out the effects, both positive and negative, of the role of platform holders such as Microsoft, Nintendo, Sony and Apple on their respective platforms.

³⁵ http://www.appdata.com/leaderboard/apps/?list_select=apps&fanbase=0&metric_select=mau&cat_id=400

Let's pull the figures apart.

VIRAL GAME

- The viral game has amassed ten million monthly average users, and 5% of them pay the developer each month. *(Conversion rates generally vary from 1% - 20%, and are very dependent on the ability of the developer to build good conversion paths)*
- The average revenue per **paying** user is £2. *(This is a conservative figure. Many web game companies have suggested that an ARPPU of £10/\$15 or more is achievable).*
- The marketing cost is zero, because this is a viral game, where the developer has used every trick in the book to encourage users to invite their friends into the game. *(In practice, this figure is too low for a successful game. **Virality reduces your customer acquisition cost; it doesn't eliminate it.**)*
- This hypothetical viral game generates \$1 million in revenue from its ten million users in a month.

MONETISED GAME

- The monetised game sold 200,000 copies in its first month *(that's an incredibly high figure, although heavily marketed games often sell a substantial proportion of their lifetime sales in the first month)*
- Every single user paid £10.00 for the privilege of playing the game.
- The marketing cost was substantial at £5 per user. *(This is not an entirely realistic way of estimating marketing cost. In practice, publishers spend a fixed amount on marketing. In our example the marketing budget was £1 million. If the game had only sold 100,000 copies, the marketing cost would have been £10 per user; if it had sold 400,000 it would have been £2.50.)*
- After marketing costs, our hypothetical PC game also generates £1 million.

In practice, few games are perfectly "viral" or perfectly "monetised". Most are some combination of the two.

But the critical point is that the core skills required to be successful in with the two approaches are utterly different.

A viral company (making a GaaS game) has to give its game away for free. It has to draw users in, keep them coming back regularly and convince them to part with their money. It has to continue developing content to keep users excited. And above all, it has to analyse its metrics, tweak its product, iterate and repeat. Endlessly.

In contrast, a monetised company (which is likely to be making a GaaS game) has to know how to make a big bang at launch. It has to create a finished, compelling game (unlike the viral guys who can build it over time, even after launch). It has to know how to get those all important day one sales. And it has to find the money to fund a meaningful marketing campaign.

Most developers instinctively prefer the monetised approach. It is the approach followed by all boxed product companies. It is very familiar.

But it also more capital intensive, riskier and allows for less consumer feedback than a viral approach.

Think very carefully which approach works best for your game. And for your skills.

WHICH BUSINESS MODEL SHOULD I CHOOSE?

You need to pick a business model that suits you, your skills, your team and your ambitions. There is no right answer.

But I'll tell you what I prefer.

I prefer selling services to products. I prefer to build long-term relationships with customers. I prefer marketing plans that can be tweaked and iterated over time, and I prefer a business model that requires as little upfront capital as possible. In short, I prefer GaaS games.

Of course, I'm not the only one who has noticed these advantages. The GaaS games space is becoming more competitive. There are more new startups trying to launch games on Facebook, the iPhone and the web than on XBLA or PSN. So there is a compelling case for developers with console experience to develop and self-publish console downloadable titles.

I am also a big believer in the power of free, which works better with service games. But free is not a business model, as I'll explain in the next chapter.

Lessons learned 5: Dave Castelnuovo, Bolt Creative



Dave Castelnuovo is half of the team behind [Pocket God](#), a phenomenally successful iPhone game that has sold over 2 million units.

The company started life as a Flash developer and started publishing for the iPhone and iPod Touch in late 2008.

What's been the best thing about self-publishing your game?

We have complete control and not a lot of risk so it really opens the doors to the types of things we can try. We can push boundaries farther than an established company that has an image to worry about.

What's been the worst thing?

I don't think there is a worst thing. I love working in a small team, love wearing lots of hats, love working at home. I guess we have to be realistic in terms of what we can accomplish. We can't try to build a game that would require more resources than we have.

What would you do differently if you did it again?

I would probably engage a PR company earlier in the process instead of doing that part on my own. I would also look for expert advisors for some of the business issues I face now (licensing, biz dev, etc) earlier in the process.

What advice would you give someone thinking about self-publishing for the first time?

Create a game that you will love to make.

I consider any business venture a lottery ticket with its own chance of success. And while you can adjust the chances of a positive outcome, it's impossible to guarantee that people will buy your game (unless you throw ungodly amounts of money at it like Zynga).

I think the only way to manage this "luck" component is to stay in the game as long as you can, try to take as many shots at the goal as you can and really learn from your unique experiences. I think it's critical to learn from yourself rather than trying to plug someone else's success formula into your situation.

That said, having some good advisors is very beneficial, just find a way to measure what they say against your own situation.

You can find out more about Bolt Creative at www.boltcreative.com.

“If you are a game developer or designer, this is the most significant shift and opportunity for you since the birth of the business...”

- Neil Young, CEO, ngMoco³⁶

Free is not a business model.

I’ll just repeat that, but louder.

FREE IS NOT A BUSINESS MODEL

Free is a marketing technique. It is a tool in your toolbox. It is a powerful way of building a trusted relationship with your gamers. And once you’ve built a trusted relationship, you can start asking for money.

Isn’t it much easier to do it that way, rather than bombarding consumers with incredibly expensive ads in the hope that they will part with their scarce cash to buy a game they’ve never played.

I think so. I hope that by the end of this chapter, so will you.

A DEFINITION

“Free” is a very loaded word. I still hear developers asking “How can you make money if you give your game away for free?” For anyone who still thinks like that, a quick glance at Jagex’s financial performance on p. 53 should convince that free can be very, very profitable.

Freemium (also known as **Free to Play**) is one version of free: the majority of gamers play for free, subsidised by a minority. The subsidy might come from subscriptions, or virtual goods, or premium features, but the core premise is that large swathes of the game are free for all players for ever.

³⁶ <http://sfrock.wordpress.com/2010/04/05/ngmoco-goes-all-in-with-free-to-play-model/>

A Free Trial is not, to my mind, what commentators are taking about when they talk about “free”. When the experience is so strongly time-limited (as in the case of a thirty-day trial for an MMO or a one-hour trial for a casual downloadable game) or feature-limited (as in the case of a demo for a PC or console game containing one or two levels of the full game), it is not a tool for building community and an ongoing relationship with your customers.

Don’t get me wrong: I think that free trials are a powerful marketing tool. They just aren’t as powerful as an online virtual world where players can play, advance and talk to their friends for free.

IF FREE IS SO GREAT, WHY HAVE WE ALWAYS CHARGED SO MUCH FOR OUR GAMES?

Free is the product of the Internet.

We have always had free (or cross-subsidised) businesses. Free television is paid for by a third-party (advertisers). Free buffets when you have a party in a bar are paid for by the beer the bar hopes you drink. A deli that offers small pieces of salami on cocktail sticks knows that it will increase the chances of you buying a salami enough for it to be a profitable marketing technique.

So what has changed?

It’s all about what Chris Anderson calls the distinction between “bits” and “atoms” in his seminal book, *Free*.

“Free is a word with an extraordinary ability to reset consumer psychology, create new markets, break old ones and make almost any product more attractive.

Free doesn’t mean profitless”

- Chris Anderson, Free³⁷

³⁷<http://www.amazon.co.uk/gp/product/1905211473?ie=UTF8&tag=sailinmajoand-21&linkCode=as2&camp=1634&creative=19450&creativeASIN=1905211473>

Atoms are expensive to distribute. A physical product needs to be manufactured, packaged, shipped, put on a shelf and paid for at a checkout. All of those steps are expensive and involve people.

In contrast, bits are free to distribute, or so close to free as makes no odds. (This is not strictly true for games which can have downloads of a gigabyte or more). And as Moore's Law brings down the cost of processing, storage and bandwidth, the trend is definitely towards zero.

If something is free to distribute, it opens the door on whole new business models and slams it shut on others.

Books you should read #3

Free, the Future of a Radical Price, by
Chris Anderson

In *Free*, Chris Anderson argues that, in a world where the Internet has reduced distribution costs to close to zero, free is the logical price point.

In fact, he goes further than that. He shows, with numerous examples, how businesses have harnessed the power of free to create new businesses and disrupt old ones.

If you make games, you need to read this book.

WHY PUBLISHERS ARE DOOMED

Publishing is an expensive business. In the world of atoms, it is very costly to release a product. With all the costs of manufacture, distribution and retailing, each title must be analysed and focus-tested to ensure it will make money.

And still most of them fail.

So publishers claim that they are vital to ensure a quality check. They are all that stands between us and a deluge of poor quality crap.

Nonsense.

They exist because publishers need to manage their risk. In the world of atoms, that risk is very high. Publishers have evolved sophisticated organisations to reduce the risk of flops and profit from the big hits, but at huge expense. The main people who pay for this are the creatives:

- An author typically gets less than 10% of the cover price of a book
- Editorial staff are less than 15% of the costs of a newspaper
- Development budgets represent less than 20% of the total spend on a game, and few developers ever see royalties

The best selling games on iPhone

The top grossing iPhone apps in 2009 were almost all established brands from big publishers with big marketing clout.

	Title	Price
1	<i>The Sims 3</i>	\$6.99
2	<i>The Oregon Trail</i>	\$4.99
3	<i>NFS Undercover</i>	\$4.99
4	<i>Madden NFL 10</i>	\$6.99
5	<i>Tiger Woods PGA Tour</i>	\$6.99
6	<i>Assassin's Creed</i>	\$4.99
7	<i>Flight Control</i>	\$0.99
8	<i>Cooking Mama</i>	\$6.99
9	<i>Civilization Revolution</i>	\$6.99
10	<i>Wheel of Fortune</i>	\$4.99

This highlights the two opposing strategies.

Premium pricing, premium marketing

The big titles with big brands behind them are expensive to make and expensive to market. They *need* premium pricing to break even.

Low price breakout titles

Titles without brands/marketing are much lower priced. With much lower marketing spend, they may well be much more profitable

The future?

The wildcard is the arrival of the freemium model on iPhone. Will we see free to play games dominating the top-grossing charts of 2010?

Time will tell.

But in the world of bits, the cost of distribution is close to zero. There is no need for the gatekeeping role in order to preserve profits or resources.

There is still a need to help consumers find good quality content, and the roles of sales and marketing as just as important as they've ever been. We just don't need vast monolithic publishers to do them.

Free empowers creatives. No wonder the big publishers are so scared of it.

WHY IS FREE SO SUCCESSFUL?

Other than the fact that it doesn't cost anything, right?

FREE IS A GIFT

Reciprocity is at the heart of all human societies. If I buy you a drink, and you never buy me one back, well put it this way, we won't be friends for long.

Gift-giving is integral to being human. And by giving your game away for free, you are tapping into a powerful social imperative to reciprocate.

So when the time comes to ask your players to put their hands in their pockets, they already feel they owe you.

FREE IS HARD TO PIRATE

It's hard to pirate a game when it's being given away for free already. Free helps drive distribution and can even turn pirates into your friends.

"Our free football game, Football Superstars, is a big file, so we marked it as "cracked" and uploaded it at torrent sites."

- Paul Mayze, COO, Monumental Games³⁸

³⁸ Speaking at the State of Independence Conference, York, April 2010

FREE GIVES YOU MULTIPLE CHANCES AT CONVERSION

Every time a player interacts with your game, you have a chance to make money from them. Whether that is by showing them an ad, offering them a subscription or giving a chance to buy a virtual good, you have multiple chances of conversion.

More than that, you have built a relationship with your customer.

FREE MAKES MORE MONEY

This point requires a change in thinking. Stop worrying about revenue. Worry about revenue after marketing costs.

Traditional games companies spend millions on marketing. In the early days of social games, the equivalent spend was zero.

That has now changed. The market is competitive and Facebook keeps changing its rules, such that acquiring customers is now expensive.

But the key difference is that if you know how much you make over the lifetime of a customer, and you know your conversion rate, you know how much you can spend on customer acquisition and still make a profit.

Marketing is no longer “spray and pray”. It’s now about maths.

FREE COSTS YOU LESS CAPITAL UPFRONT

If your game is free, consumers can try it for free. And that is a much less scary proposition than spending £40 on a game.

The old way to get over that was to build the whole game, and then spend lots of money marketing it. And that meant a huge amount of capital.

The new way is to create a minimum viable product, release it quickly and keep tweaking it. That requires vastly less capital, opening the market wide open for self-publishing developers.

IF YOU'RE NOT FREE, YOU'RE COMPETING WITH FREE

Much has been made of the race to the bottom for pricing on the iPhone, with apps dropping to \$0.99 rapidly.

Critics said that this meant that games were going to be shallow and cheap. That is not true. If you are not free, you are competing with free:

- Free to play games like *WeRule* and *Eliminate* from ngMoco and *MyTown* from Booyah
- Sponsored games like Barclaycard's *Waterslide Extreme*
- Pirated titles

Free gives you flexibility, requires less capital upfront and makes you more money. It's a great marketing strategy.

IS FREE THE ONLY OPTION?

Free is just one weapon in the arsenal of a self-publishing developer. For games on Facebook and increasingly on iPhone and the web, I think that free will become the *de facto* standard, and it will be difficult to make a living without it.

But on XBLA, PSN and WiiWare, it's a different story.

- Consumers are accustomed to paying premium prices on this platform
- The platform holders are committed to maintaining prices
- The barriers to entry (development expertise, relationship with platform owners) are high

I believe that free will eventually come to console. But of all the digital distribution channels, I think console download titles will be the last bastion of paid-for content for some time to come.

How many users does a successful web game have?

Few companies release their user data. Of those that do, most only talk about registered users, an almost-completely useless figure for business planning.

Jagex, publisher of *RuneScape*, has 10 million monthly active users (MAUs), of which one million pay a subscription, a conversion rate of 10%.

Ankama, publisher of *Dofus*, has three million MAUs and about 500,000 subscribers, a conversion rate of 16.7%.

iPhone developer ngMoco estimates that 2% of its DAILY Active Users buy a virtual good every day. They won't tell me what that means on a monthly basis.

CASE STUDY: FACE FIGHTER AND TUNE RUNNER



Appy Entertainment is a developer of iPhone games. They used “free” brilliantly to launch a new intellectual property AND reinvigorate the sales of their original paid-for title in the process.

Their key titles are [FaceFighter](#) and [Tune Runner](#)

Start with a successful paid-for game...

Appy Entertainment launched [FaceFighter](#) in 2009. It reached #1 in France, Germany, Italy and a number of other countries.

In February 2010, they changed the price. They offered it for free.

Have bigger fish to fry...

Appy’s next game, [Tune Runner](#), was a free music game. It was entering a crowded market up against games like EA’s [Rock Band](#) and Tapulous’s [Tap Tap Revenge](#).

And every free copy of *FaceFighter* had an ad for *Tune Runner* embedded in it.

In the first six days, there were 990,820 downloads of *FaceFighter*. Those downloads in turn prompted nearly 100,000 downloads of *Tune Runner*, driving the game to #1 positions in Italy, France, Germany, Austria, Ireland, Netherlands, Finland, Spain, Sweden, and more. *Tune Runner* reached #3 in Canada, the UK and the US.

“We’ve taken a new and original music game IP from nowhere to near the top of the world market in just over a week”

- Appy Entertainment

And make more money

After the promotion, Appy put *FaceFighter* back up to \$1.99 in the AppStore. The promotion had lifted the game up from #150 in its category to #50, and it had a massive boost in revenues, leading to the highest single-day sales in over six months.

These results show that inventive use of “free” strategies can drive cross-promotion, increase sales of the original game and create massive value for the developer, and offer a great deal for gamers.

It’s another great example of why (and how) free works.

(Source: <http://www.gamesbrief.com/2010/03/facefighter-goes-free-has-highest-revenue-day-ever/>)

Lessons learned 6: Dan Marshall, Zombie Cow



Dan Marshall founded Zombie Cow in 2008 (or, as Dan puts it, “Zombie Cow Studios was rather inventively set up at the very peak of the Global Economic Meltdown”) after writing a game called [Gibbage](#) and learning to code at the same time.

Since then, he has released [Time Gentlemen, Please!](#), [Ben There, Done That](#) and is working on [Privates](#) for Channel 4.

What’s been the best thing about self-publishing your game?

I guess it’s that you’re free of restrictions in everything you do – no one’s making requests for changes, or telling you you can’t do this, that or the other. Everything’s off your own back so creatively you’re free to express yourself without having to run it past other people.

What’s been the worst thing?

Waking up with a start occasionally and thinking “Where the hell is all the money going to come from that pays for my dinner and all the wine and tricketts?”

What would you do differently if you did it again?

I hate releasing screens, videos or information before it’s ‘done’, and even then I’m worried about spoilers and stuff. Traditionally I’ve kept very quiet until release, but I think you need to realise that people are grown up enough to make their own decisions about not spoiling things for themselves. So for future games once the end’s in sight I’m going to start publishing information and getting word out about the games.

What advice would you give someone thinking about self-publishing for the first time?

Writing the game and going gold needs to feel like 50% of the work. You can’t expect to put it out there and assume word of mouth will carry it, you need to pester people and send out a billion emails and work full-time at getting reviews and coverage and everything you possibly can.

You can find out more about Dan at www.zombie-cow.com.

PART 2: PRACTICE

CHAPTER 6: DISTRIBUTION

Distribution is the means by which you get your game into the hands of the consumer. Contrary to popular belief, self-publishing does not simply mean making a game available on Steam. Many developers think that they have become a publisher just by signing up with a digital distribution platform.

This is not true.

But selling a game via a digital distributor can be part of your route to market.

Table 3: Example routes to market

Console <ul style="list-style-type: none">• PlayStation Network• Xbox Live Arcade• Wii Ware	PC download <ul style="list-style-type: none">• Steam (owned by Valve)• Gamersgate• Metaboli/GameTap• Direct2Drive (owned by IGN)
Social networks <ul style="list-style-type: none">• Facebook• MySpace	Mobile <ul style="list-style-type: none">• iPhone AppStore (Apple)• Ovi (Nokia)• Android Marketplace (Google)
Web-based <ul style="list-style-type: none">• Bigpoint• GameForge• Heyzap• Kongregate• Miniclip• Mousebreaker	

MAXIMISE YOUR ROUTES TO MARKET

Picking between console, PC, mobile or web-based distribution is not simply a matter of revenue. It encompasses your personal desires, the skills and technical know-how of the team you've assembled and the nature of the game that you want to build.

But there are commercial considerations to bear in mind too. Designing the game, coding the core mechanics and designing the art are all fixed costs. If you can find multiple routes to market, you will sell more games and make more money.

For **PC downloadable games**, you have a choice: focus on Steam or go for blanket coverage.

If you want your game to be everywhere, you should get your game on Steam, [Metaboli](#), GamersGate, [Direct2Drive](#) and any other download service with reasonable traffic.

If you become a well-known developer, you may be able to negotiate more promotion with one partner in return for an element of exclusivity, but the bottom line is that the more sites you are on, the more sales that you will make.

There is a downside. Each new partner requires set-up costs: legal fees, your time to negotiate contracts, technical discussions to get the game live on the surface. They also have ongoing costs.

How many units can I sell?

This is a critical question for many developers, but one which is very hard to answer.

James Brooksby of [DoubleSix Games](#), developers of [Burn, Zombie Burn!](#) on PSN has said “we feel this lack of transparency is hindering the development of these channels”.

He then helpfully revealed that *Burn, Zombie Burn!* had sold 70,000 units by the end of July, roughly four months after launch.

BLITZ 1UP

Blitz Games Studios is a veteran games developer founded in 1990. They are one of the world’s largest independent game studios and they have launched the 1Up programme to help smaller teams get their games to market.

The pitch is simple: Blitz is already getting its own games onto fourteen different PC platforms including Steam, GamersGate, Metaboli and many others. Why not let them get your game widely distributed too?

And that’s not all they offer. Blitz has in-house PR resources, knowledge of all the different platforms, access to many different partners and freelancers and a rock-solid QA process.

With games like [Clover](#), [KrissX](#) and [Encleverment Experiment](#) under their belt, they’ve both self-published and helped smaller indies get published too.

If you’re interested in discovering what you can outsource to Blitz, visit www.blitzarcade.com/blitz1up or email blitz1UP@blitzgamesstudios.com. You can read more in Lessons learned 7: Chris Swan, Blitz Game Studios on p. 95.

You will have to chase royalty statements. Releasing a new version of your game now means more than uploading the new version to your website. You will have multiple partners to call, co-ordinate and organise. And how will you arrange a discount sale weekend on one platform without all the others having a huff?

The bottom line is this: will your sales from third parties justify all the extra - and ongoing - work that you will need to service these channels? If you are unsure, I recommend you stick to Steam at first.

For **smartphone** games, your best distribution channels can be determined as much by technical ability as by commercial opportunity. Not all developers can build apps that work across iPhone, Android, Windows, Blackberry and Palm OS.

Currently, Apple's AppStore is the most popular and visible smartphone store. But it is competitive and crowded. Keep abreast of developments. Remember that there are more platforms than just the iPhone and that focus on a single platform limits your addressable market. We may soon see that it becomes impossible for mobile developers to make a living on the iPhone alone. (American readers may struggle with this argument given the iPhone's dominance in the US, but elsewhere the market is not so clearly owned by Apple.)

On **consoles**, the distribution decision is simple. It's based around which platform you want to develop for. Most downloadable games are still developed for only one platform (XBLA, PSN or WiiWare) and that's the way the platform holders like it.

If it helps sway your decision, Sony runs a scheme called the Pub Fund that offers cash in return for exclusivity on the PlayStation Network. It's not direct financing, but by advancing royalties on the day the game is complete, it can ease cash flow. See p. 162 for more details.

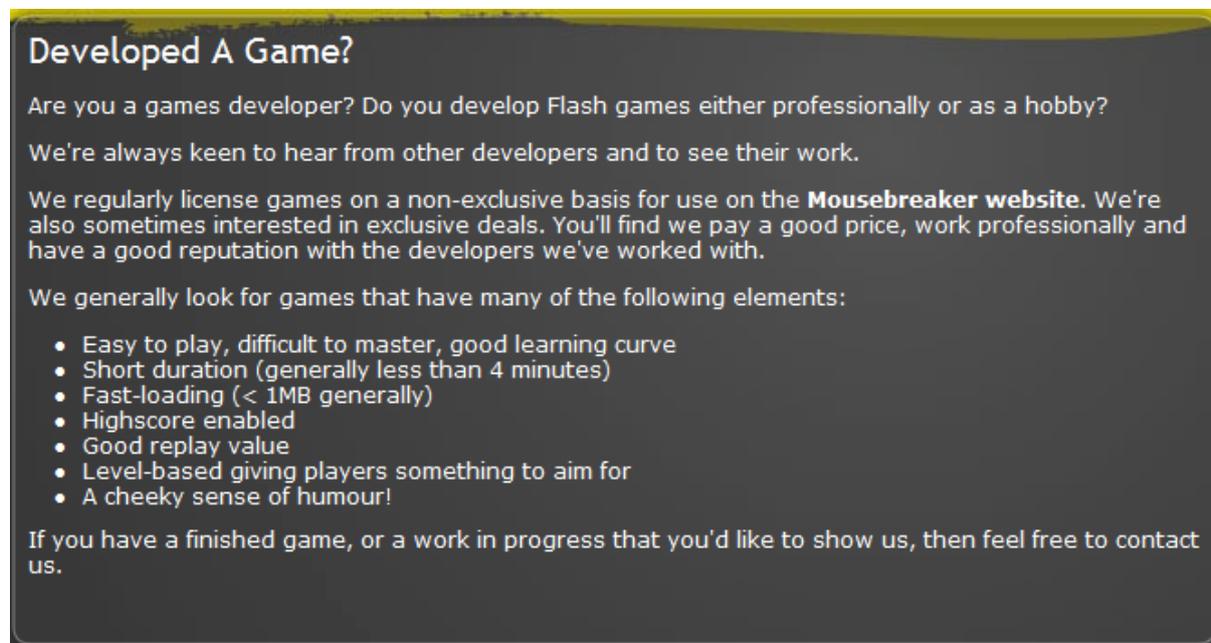
Web-based games present perhaps the most complex distribution headache. **Social games** are easy. You just have to submit the game to Facebook or MySpace. It's when you have a Flash-based game or your own complex browser-based MMO that the issue becomes more complex.

DISTRIBUTING FLASH-BASED GAMES

Flash-based games are a genre where many developers cut their teeth. However, it is hard to make money from Flash development, particularly since so many of the aggregators rely on advertising revenue which has been hit particularly hard by the financial crisis (see *Death of the Portal* on p. 17).

Sites such as [Kongregate](#), [Mindjolt](#), [Minidip](#) or [Heyzap](#) offer distribution and revenues to developers. [Mousebreaker](#) (now owned by magazine publisher IPC) sets out exactly what it (and indeed most of its competitors) wants to see from a Flash game.

Figure 10: Mousebreaker game criteria



Developed A Game?

Are you a games developer? Do you develop Flash games either professionally or as a hobby?

We're always keen to hear from other developers and to see their work.

We regularly license games on a non-exclusive basis for use on the **Mousebreaker website**. We're also sometimes interested in exclusive deals. You'll find we pay a good price, work professionally and have a good reputation with the developers we've worked with.

We generally look for games that have many of the following elements:

- Easy to play, difficult to master, good learning curve
- Short duration (generally less than 4 minutes)
- Fast-loading (< 1MB generally)
- Highscore enabled
- Good replay value
- Level-based giving players something to aim for
- A cheeky sense of humour!

If you have a finished game, or a work in progress that you'd like to show us, then feel free to contact us.

However, this distribution does not come cheaply. For example, Flash game portal Kongregate pays developers up to 50% of the advertising revenue as follows:

- 25% of all ad revenue generated from their games as standard.
- 15% if the game is exclusive to Kongregate
- 10% if the game includes [Kongregate's API](#) for leaderboards and challenges

Or to put it another way, Kongregate takes up to 75% of the revenue of a developer's game. Let me show you what that means for an independent developer in Table 4.

Table 4: Revenue from an ad-funded Flash game

Monthly plays	10,000	100,000	1,000,000
Ads per play	2	2	2
Impressions	20,000	200,000	2,000,000
CPM	£ 1.00	£ 1.00	£ 1.00
Revenue	£ 20.00	£ 200.00	£ 2,000.00
Portal percentage	75%	75%	75%
Developer revenue	£ 15.00	£ 150.00	£ 1,500.00

These figures are not particularly attractive. Even a wildly successful game, getting 1 million plays a month, which would be a huge achievement, would only generate £1,500 a month in revenue for the developer. Of course, these assumptions might be flawed:

- There might be than two ads displayed per game play session
- The CPM of £1.00 might be low (although in my experience, they are falling, not rising)
- The portal might offer more than 25% of the advertising revenue to the developer

It is no wonder that many Flash developers seem to just churn out games as quickly as possible. They need volume and a back catalogue to have any chance of paying the bills.

Kongregate also offers monthly contests for its top rated games. But with a top prize of \$1,500 and thousands of games on the site, these are unlikely to make a difference to any but the smallest development teams.

Some companies offer more than just distribution on their own website. Heyzap specialises in syndicating games out to third-party websites and has 12,000 games on offer. It offers developers a range of tools to improve their chances of making money. It also offers a handy calculator to estimate your potential revenue at <http://www.heyzap.com/developers/revenue>.

Companies like Heyzap and Mochi Media now offer virtual currencies to Flash developers, which opens up the possibility of microtransaction-based business models. But, as you've seen, virtual goods come with their own challenges, especially for developers used to making "fire and forget" GaaPy games.

Figure 11: Heyzap developer tools

 <h3>Heyzap Payments</h3> <p>Sell items for Heyzap Coins and make revenue, and engage your users by selling items for fully customizable In-Game Points.</p> <p>Learn More</p>	 <h3>Heyzap Social</h3> <p>Build competition between users and allow them to invite their friends from Facebook and Twitter!</p> <p>Learn More</p>
 <h3>Heyzap Achievements</h3> <p>Heyzap Achievements makes it simple to create unlockable achievements in your game! Engage users and bring fun to a whole new level!</p> <p>Learn More</p>	 <h3>Heyzap Analytics</h3> <p>Heyzap Analytics lets you track game plays, game play time and uniques. The most powerful analytics available to flash developers!</p> <p>Learn More</p>
 <h3>Heyzap Viral</h3> <p>Heyzap Viral shares your game scores and milestones on social networks such as Facebook and Twitter.</p> <p>Learn More</p>	 <h3>Heyzap Distribute</h3> <p>Heyzap Network gets your game in front of millions of gamers through the Heyzap publisher API and blog widget.</p> <p>Learn More</p>

HOSTING YOUR OWN GAME

Distributing from your own website is often cheap, but comes with the problem that you have to get customers to your site in the first place (a topic that is covered in Chapter 8: Marketing - An Introduction).

There are a huge range of different web hosts available, and I am not qualified to evaluate them all. However, two services that I have used (or clients of mine have) are:

- [Dreamhost](#): cheap, self-service web host that is ideal for tech-savvy developers. I use Dreamhost to host *GAMESbrief* and although there have been some outages, they have responsive staff. Did I mention that they were cheap? Sign up now at www.dreamhost.com.
- [Amazon Web Services](#) (AWS): Amazon offers third-parties access to the same scalable infrastructure they use to run their store. The fees for AWS scale up and down with demand, which means you only pay for what you use. They offer a range of services from delivering

files to hosting a scalable database, depending on your needs. You can also use neat features like making a file accessible for a limited time (say 24 hours) which can help limit piracy.

I'm sure that there are other cloud-hosting solutions. If you use them, please let me know.

"Restaurant City quickly attracted more than four million players in less than eight weeks. We initially projected between 100,000 and 250,000 players, so we were taken a bit by surprise."

- Sami Lababidi, CTO, Playfish³⁹

A NOTE ON PIRACY

Piracy is seen by many as the greatest threat to small developers today by many observers.

That's bull.

"Obscurity is a far greater threat to authors and creative artists than piracy."

- Tim O'Reilly, author⁴⁰

Piracy *is* a threat to the major, established, entrenched players who control distribution in an iron grip and dominate the market for hugely-expensive games with massive marketing budgets. It is a threat to developers who work in this model and chafe at seeing consumers play their games without paying for them. Those people argue that every game pirated directly equates to a lost sale and is theft. (Bruce Everiss's headline "\$304,149,300 stolen from Activision"⁴¹ is one of the most egregious examples.)

³⁹ See *Amazon Web Services Case Study* on p. 81

⁴⁰ <http://tim.oreilly.com/pub/a/p2p/2002/12/11/piracy.html>

⁴¹ <http://www.bruceongames.com/2010/01/05/304149300-stolen-from-activision/>

I'm fine with that. Let them. They'll sue their customers, forget that the job of a business is to "deliver a product or service that customers want at a price that they are prepared to pay" and go bust.

Meanwhile, sensible publishers will find new ways to turn piracy on its head. Let's start with the premise that much of what consumers were paying for historically was not the content, however hard it is for developers to believe that. It was for *access* to the content.

And what I mean by that is distribution.

It used to be very hard to get a product manufactured, packaged, shipped and sold via a retailer into a consumer's hands. For digital content, that is no longer true. The economic rent that publishers could extract simply for distribution has evaporated, vapourised by the scorching heat of a free, always-on, broadband Internet.

That doesn't mean that it is impossible to make money from games (although it is my personal view that the total economic value of publishers, in aggregate, is likely to take a serious hammering over the next decade.)

It does mean that we have to be cleverer.

So let's turn the issue on its head. Let's assume that every "pirate" is, in fact, someone providing us with free marketing. How can we change our business model such that the more our game is "pirated" the more successful it is?

Can we surround it with ads? Have advertisers pay for the game in the first place? Offer a fully-realised (and expensive to create) world for free and charge for (cheap-as-chips to develop) clothing or gifts? Have a free world with unique quests only available to subscribers? Use the game to support direct sales of a downloadable game?

All of these models have been successful for different games companies. So perhaps we should stop bemoaning piracy and instead embrace it.

“Piracy is here, so how can we take advantage of that... what we did actually, on day one, we put [the PC edition of Trials] immediately on all the torrent networks ourselves.”

- Tero Virtala, CEO, RedLynx⁴²

⁴² <http://www.develop-online.net/news/33209/Trials-HD-studio-leaked-game-to-torrent-sites>

Note the Torrent version had leaderboards, “the soul of the game”, omitted.

Amazon Web Services Case Study

Playfish, a fast growing social games company, combines creativity, innovation and originality to create games for friends to play together over social and mobile platforms such as Facebook, MySpace, Bebo, Yahoo!, iPhone, iPod Touch and Android. Playfish's mission is to change the way people play games by providing more social and connected experiences. Each of the company's titles has been a top 10 hit on Facebook, including Pet Society, which is the platform's most popular game – and single biggest app – and enjoyed by more than 11 million people every month.

As of May 2009, Playfish had more than 27 million active monthly users and has multiple games in the top 10 on Facebook. The growth and scalability of the company's games is powered using virtual infrastructure from Amazon Web Services.

With the widespread, accelerated adoption rate of Facebook and social gaming throughout the world, Playfish's business model is tailor-made for cloud computing. "With the high growth nature of our business, we were looking for a cloud solution to enable us to scale fast," says Sami Lababidi, CTO of Playfish.

Playfish's infrastructure operates entirely on Amazon Web Services (AWS), primarily using Amazon EC2, Amazon S3, and Amazon CloudFront. Amazon's distributed infrastructure across US, Europe and Asia ideally addresses Playfish's technological needs by enabling quick and reliable delivery of games to millions of players.

"Playfish has demanding infrastructure needs and Amazon allows us to focus on our business and reducing operational overhead greatly. The capex cost savings are also significant," states Lababidi. "We often experience dramatic growth due to the way social graphs expand, and it can sometimes happen in a matter of days. This recently occurred during the beta launch of our latest game, Restaurant City, which quickly attracted more than four million players in less than eight weeks. We initially projected between 100,000 to 250,000 players, so we were taken a bit by surprise. Using Amazon meant that we were able to scale our infrastructure seamlessly while keeping everyone's concentration on our core business."

Lababidi praises the low complexity offered by Amazon Web Services both from a technology perspective and in terms of customer support. "Amazon offers a first class service. The support is fantastic and we're happy to only deal with one party for all our IT needs versus having to deal with a half a dozen parties if we were running a traditional setup," says Lababidi. Asked what advice he would pass on to developers or other early stage start ups, Lababidi offers this succinct directive: "Think twice before buying your next server. Cloud computing is the way forward."

Source: <http://aws.amazon.com/solutions/case-studies/playfish/>, May 2009

CONCLUSION

Successful distribution gets your game into the hands of as many people as possible quickly, efficiently and cheaply. There is no perfect distribution solution since it depends on your platform. Outsourcing to third parties such as Apple or Microsoft will cost you 30% of your gross revenues (although that includes billing and other benefits).

If you are selling a game as a product, maximise your distribution channels. Use all the different Flash portals. Consider if it is worth going beyond Steam. Can you code an iPhone version as well as a browser-based one? What about working on multiple consoles? Be flexible, but be realistic.

For a GaaS game, I strongly recommend that you plan to be able to scale in the event that your game is a runaway success. For most web startups, I believe that means using Amazon Web Services or a similar cloud-based solution, not dedicated servers.

Playfish is using it. Every games business looking at social/browser games is considering it. If it's good enough for them, it should be good enough for you.

Lessons learned 7: Chris Swan, Blitz Game Studios



Chris Swan is the business development director at [Blitz 1Up](#). The Blitz 1UP programme was set up by Blitz as a way to help fellow developers get their games to market. Blitz helps their partners with elements such as routes to market, QA & compatibility, art & audio support, and PR & marketing.

They have released games including [Clover](#), [KrissX](#) and [Encleverment Experiment](#).

What's been the best thing about self-publishing your game?

Being in control! It's great having full control over your game's destiny, especially being able to decide which features go into the game, how and where we are going to market it, and tracking the direct sales in return for our efforts.

What's been the worst thing?

Being in control! It can be very scary when you have no-one to blame but yourselves for any changes in direction, lack of distribution partners, or unexpected troughs in sales when you are doing your own PR and marketing.

What would you do differently if you did it again?

- Set up a definitive vision holder to prevent our own feature-creeping.
- Start the marketing right upstream to build a strong groundswell.
- Have all of the major distribution partners set up beforehand, so that the title can launch almost simultaneously in the popular marketplaces

What advice would you give someone thinking about self-publishing for the first time?

Don't just concentrate on the game! How are you going to market this brand? How many distributors are you lined up with? How are you going to get the game localised and compatibility tested?

For more information on Blitz 1Up, visit www.Blitz1Up.com

CHAPTER 7: SALES

Sales is a much-maligned area of business and one that is frequently misunderstood. For the purposes of publishing, I divide sales into two totally different areas:

- Billing - taking money from end consumers
- Advertising sales - taking money from advertisers

These two roles require such different skillsets, it almost seems odd to put them in the same chapter.

BILLING

Billing can be an incredibly complex process. It involves issues including tax regulation, fraud prevention, security and handling payments in multiple currencies via multiple routes. At this point, developers working on console or smartphone games can breathe a sigh of relief.

Because they don't have to worry about it.

These developers have given up their 30% to Apple, Microsoft, Sony or Nintendo. And in return, they know that it is not their problem how the game reaches the consumer or how the consumer pays. The platform holders handle all of the administration in return for a 30% fee. For many developers, that is more than reasonable trade off.

For anyone who is publishing on Facebook or, worse, the web, it's a very different story.

Broadly speaking, developers have two options:

- Become a merchant able to take and process credit cards
- Rely on a third party (or even several third parties) to do it for them.

In either case, the process is the same. Users enter their details into a website, a **payment processing company** process the card details and passes them on to an **acquiring bank**. The acquiring bank takes the money from the end user, processes the transaction and credits your account.

Figure 12: Taking money from consumers



The key choice is whether to have your own **Internet Merchant Account** with a bank or to outsource this role to a payment provider. To make things more confusing, many acquiring banks also offer payment processing services and many payment processing companies allow you to use their merchant account.

BECOMING A MERCHANT

Most High Street banks are acquiring banks, since the primary definition is that they offer accepting/processing services for credit and debit cards. That doesn't mean that getting a merchant account is always easy.

Internet Merchant Accounts are "cardholder not present" transactions. That means that fraud is easier and hence security is tight for new accounts. You will find it much easier to get an account with your existing bank if you've had a trading relationship for a while.

Even then, it can be tough. Business Link, a UK government-backed advisory service for small businesses, has the following checklist for applying for an Internet Merchant Account⁴³:

- outline your business plan - including details of your cash flow and how you'll promote your online activities
- supply your website address
- explain the details of your product or service
- give your suppliers' details
- describe how you will deliver your product or service
- set out your terms and conditions for online trading
- work out your expected average online transaction values, your estimated turnover from online sales and number of credit and debit card transactions

⁴³ <http://businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1073791017>

- provide details of the secure server you'll use
- make your audited business accounts available
- supply your bank details and authority to carry out a check with credit reference agencies
- detail your trading history
- provide details of the directors or partners in the business - including full contact details

You may conclude that it is easier to rely on the Internet Merchant Account of your payment processing company.

USING SOMEONE ELSE'S MERCHANT ACCOUNT

A payment processing company usually offers two options. Either you can use them just to process the credit card details and use your own Internet Merchant Account or you can use their Internet Merchant Account. If you use theirs, they process and acquire the money and then deposit it with you. It is simpler for you but has two downsides:

- There can be a delay in receiving the funds since the money is not transferred into your account immediately
- It is likely to cost more.

Generally, I recommend that most developers start by accepting PayPal. It is easy to implement, offers credit card as well as payment via PayPal, and is relatively cheap, generally 3.4% + 20p⁴⁴. If you operate on Facebook, you should consider Facebook Credits⁴⁵. Facebook takes 30%, which sounds expensive, but it covers a multitude of payment options including mobile, PayPal, credit card and even offers from companies such as TrialPay, many of which can take high percentage fees. It handles customer support for you. If it becomes as ubiquitous as Facebook is hoping (and I think it will), it will be a relatively frictionless way of persuading your consumers to pay, which should improve your conversion rates.

You can then start adding additional payment options ([Walliecard](#), SMS, [Moneybookers](#) and whatever best suits the needs of your customers), or getting your own Internet Merchant Account when your trading history merits it.

⁴⁴ <https://www.paypal-business.co.uk/products-product-comparison.asp>

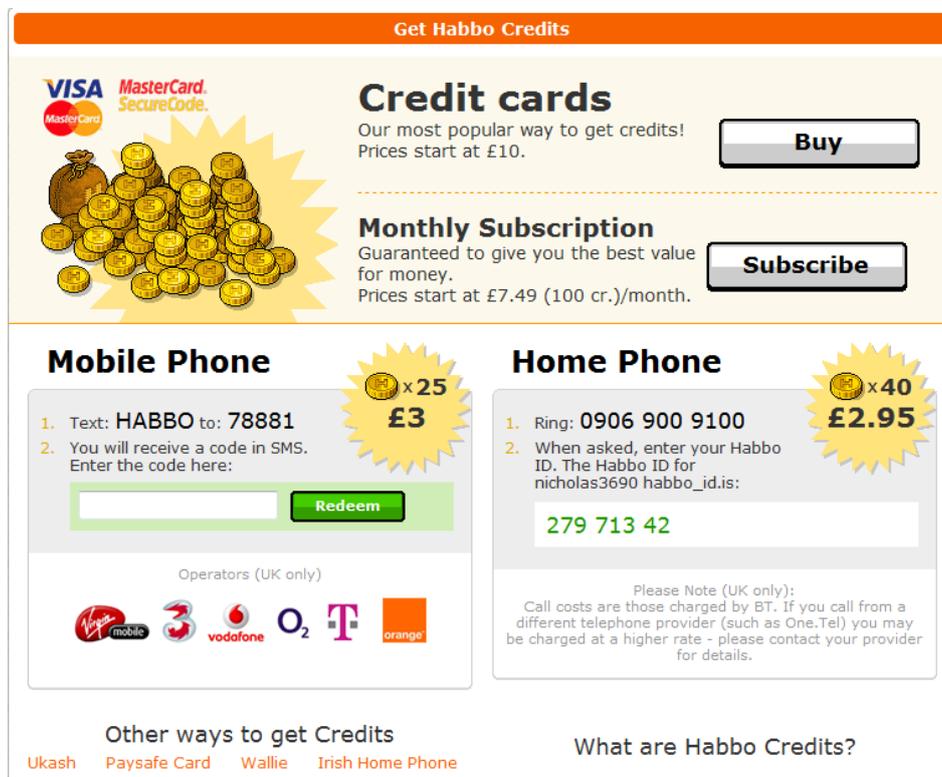
⁴⁵ Details on Facebook credits are available at <http://www.facebook.com/help/?page=1042>

Third parties such as fatfoogoo, which was recently acquired by Digital River, (www.fatfoogoo.com) and PlaySpan (www.playspan.com) are also worth investigating. They specialise in games and offer a range of billing, inventory management and virtual currency services.

DO I REALLY NEED 90 DIFFERENT PAYMENT PROVIDERS?

Habbo Hotel, the social network/virtual world aimed at teens and tweens, has over 90 different payment providers across its multiple sites. Its core audience are too young to have credit cards and so developer Sulake has invested in dozens of ways for them to pay into the company.

Figure 13: Habbo Hotel’s UK payment screen⁴⁶



More challengingly for a global company, the ways in which people choose to pay vary wildly across the world. It makes sense, over time, to partner with enough payment providers to ensure that your customers can pay however they want to. But without overwhelming them with so much choice they through their hands up in horror and run away.

It’s a tough balancing act.

⁴⁶ www.habbo.co.uk/credits

ADVERTISING

The world of advertising sales can be very confusing to outsiders. It's full of jargon - CPM, eCPM, RoI, CTR - and is inhabited by people who think they are at the cutting edge of new media. (They rarely are).

The principles are not difficult to understand. Whether it is a good use of a developer's time to learn the principles and run an in-house ad sales operation is up for debate.

WHAT ARE YOU SELLING?

If you are selling advertising, you are selling **audiences**. Not programmes, or games, or channels.

Audiences.

This means that the advertiser will want to know and understand your **target demographic**. They will want to know how often they come back to the site. They will want to know which countries they live in. And over time (especially if you want to charge premium rates), they will want to know more details, like how much your audience earns on average, and whether they like going to the cinema or buying nappies or drinking beer.

So you need to start learning some basic definitions.

(Note that I'm talking about selling advertising space around your game not persuading an advertiser to pay the entire budget for an advergame that is distributed for free to promote that brand. Sponsorship is a whole different business model - and one that can be a good source of work-for-hire revenues - but looks and feels quite a lot like the old publishing model.)

- **Impression:** Showing an ad once to a single user. This is the basic unit of online advertising.
- **CPM - Cost per thousand (or mille):** Also known as CPT, this is the standard measurement of advertising rates. It means the cost per thousand impressions (or viewers, or readers, or listeners, depending on your industry). So if you have a CPM of £8.00 and sell 100,000 advertising impressions, you should invoice your advertiser for £800.

- **CTR - Click through rate:** The number of clicks on an ad divided by the number of impressions. Although it is a pretty poor measurement of engagement, it is used by most media buyers as a proxy for how “successful” the ad has been at attracting user attention. If you don’t have a good CTR, you won’t get repeat business. A “good” CTR can be anything from 0.5% to 5% depending on the campaign. (Note that CTRs are generally falling as it gets ever harder to create banners that engage audiences).
- **eCPM - effective CPM:** This is the most important statistic for your business plan. If you are selling ads at £20.00 CPM, but only use 10% of your available inventory, you have an eCPM of £2.00.

There are a huge variety of ad formats available. In the UK, the Internet Advertising Bureau defines the standard sizes on its website.⁴⁷ The key ones are:

- **300x250 MPU:** This is a nearly square ad format that is also the best size for video ads. One of the most common formats, and also one that attracts high CPMs



- **728x90 Leaderboard:** The large format that generally runs across the top of a website page
- **160x600 Wide Skyscraper:** A tall, thin format. Sometimes expands when a user rolls the mouse over it.

⁴⁷ http://www.iab.net/iab_products_and_industry_services/1421/1443/1452

There are plenty of other formats, although some, such as the formerly ubiquitous 468x60 banner, are going out of favour with agencies as higher screen resolutions become the norm.

TO SELL OR NOT TO SELL?

Games companies are generally not very good at selling ads. They could become so, with training and practice, but they rarely start with the right skills or mentality to be an effective ad sales business.

An ad sales force needs to forge strong relationships with media agencies and brands in multiple territories. It's possible to work in just the UK or the US, but with a global distribution channel such as the Internet, that risks leaving a lot of money on the table. A developer who wants to generate money from online advertising has a variety of options.

GOOGLE ADSENSE FOR GAMES

It is hard to make a large scale business of AdSense. Not impossible, but hard.

AdSense (and its partner, AdWords) are the bedrock of Google's phenomenal success. Advertisers sign up for the AdWords programme, identify keywords alongside which they wish to have their ads displayed and agree how much they will pay on a Cost-per-Click (CPC) basis. Publishers (meaning people who own websites) sign up for the AdSense programme and get paid whenever an advertisement appears on their site and users click on it. Google takes an undisclosed cut between the amount the AdSense advertisers pay and the amount the AdWords publishers receive.

The companies who make real money from Google AdSense are those who use Search Engine Optimisation (SEO) techniques to generate a lot of traffic based on popular keywords. Unfortunately, this is often not interesting, entertaining or even well-written content - Google's algorithms struggle to filter by these criteria. For companies who care about quality, relying on Google AdSense can be very frustrating.

On the other hand, Google operates globally, provides access to thousands of advertisers and is a very useful way to monetise remnant inventory which would otherwise be completely wasted.

But don't get too excited. Anyone can be part of Google's AdSense program for websites, but you have to be big before Google will let you into AdSense for Games⁴⁸:

- Game plays: Minimum 500,000 per day
- Game types: Web-based Flash only
- Integration: Must be technically capable of SDK integration
- Traffic source: Must be 80% US & UK Traffic
- Content: Family safe and targeted at users age 13 and up
- Distribution: Must be able to report embed destination and have control over where games are distributed

You can find out more at <http://www.google.com/ads/games/>

As far as I can tell, Google is not making AdSense for Games a priority at the moment. Consider this service very much an optional extra.

AD NETWORKS

AdSense uses Google's search algorithms to place ads that are relevant. Ad networks rarely have that technology and put the onus on the website owner to manage their advertising inventory.

There are three broad types of networks:

- Games focused advertising networks such as Intergi and Ad4Game
- Display ad networks such as DoubleClick and Valuclick
- Affiliate networks such as Commission Junction and TradeDoubler

Each has different attributes, advantages and disadvantages.

GAMES FOCUSED NETWORKS

The advantage of a game focused advertising network is that you can get higher CPMs, due to the targeted nature of the audience. High is a relative term though, since CPMs rarely get higher than \$2, and are often much less.

The key disadvantage is that the main advertisers who want to reach Internet-enabled gamers are usually games companies. In other words, they are your direct competitors.

⁴⁸ https://services.google.com/events/adsense_games

Games ad networks will take smaller sites than more general remnant providers, but they typically want their content partners to have at least 25,000 unique visitors per month.

DISPLAY AD NETWORKS

Display ad networks are often (and disparagingly) referred to as remnant networks. Remnant networks are designed to do exactly what the name implies: fill up your spare inventory with cheap ads. They offer low CPMs (rarely more than a dollar) and limited targeting (expect to see ads for car insurance, mobile phones, downloadable emoticons and dating sites).

These are volume businesses. Generally they prefer to partner with sites with millions of unique visitors each month.

Display networks can be very good for acquiring customers. See *Acquiring customers* on page 123 for more information.

AFFILIATE NETWORKS

The unique nature of the Internet, with its tracking technology, has led to the rise of affiliate networks. Rather than paying to show ads, advertisers pay publishers when a user completes a specific task (such as registering or subscribing). The whole process is tracked via cookies or referral links. Companies such as LoveFilm, BT, Sky and Vodafone have extensive affiliate campaigns.

While most affiliate networks provide advertising banners to their publishing partners, the most effective affiliate marketers use other techniques such as text links, email newsletters and targeted blog posts to generate the majority of their revenue.

It is not easy to make money from affiliate revenue. When Amazon pays 5% on a basket size of £10-£20, you earn perhaps as much as £1. You need a lot of traffic to turn that into a business.

On the other hand, as content becomes more digital, I expect commission rates to go up. For some eBooks (generally ones advertising how to farm gold in *World of Warcraft* or *Farmville*), I've seen revenue shares as high as 70%.⁴⁹

⁴⁹ And yes, if you click on those links and buy an eguide, I will get about ten bucks.

I have worked with, amongst others, [Amazon](#), Clickbank, [Commission Junction](#) (who run the affiliate network for Bigpoint, Metaboli and PopCap), [Linkshare](#) (who provide affiliate links to iTunes and hence the AppStore) and TradeDoubler. There is longer list of affiliate networks under **Error! Reference source not found.** on p 187.

But I reckon that to make substantial revenue from affiliate marketing, you either need millions of users or be laser-focused on converting your users to buyers of someone else's products.

Or both.

IN GAME ADVERTISING

The companies mentioned above are web marketing businesses. They may be games-focused but they offer traditional web advertising formats to web marketers.

But there are also companies whose entire business model is based on placing ads in games. These can be divided into AAA advertising, Flash game advertising and premium representation.

AAA ADVERTISING

The market for placing ads in premium quality games is dominated by three companies: Massive (owned by Microsoft), IGA and Double Fusion. This oligopoly seems relatively unassailable, given the expense of building the sophisticated ad-serving technology and the relationships with platform holders and advertisers alike.

Brands such as McDonalds, Nokia, Virgin Media and presidential hopeful Barack Obama have embraced the games medium as a way of reaching elusive 16-34 year-old males.

These are expensive bespoke integrations and advertisers currently seem more excited about being associated with premium AAA console titles than appearing in downloadable titles. It's not an easy opportunity for quirky independents.

Figure 14: Presidential-hopeful Barack Obama in *Burnout Paradise*⁵⁰



FLASH GAME ADS

Providers such as Mochi Ads⁵¹ and CPMStar⁵² offer Flash developers ways of monetising their games through ads and virtual currency. They offer far more, in fact: analytics, distribution and social features to help drive the success of your Flash game.

Figure 15: Mochi Ads advertising formats

AD TYPES



Pre-game

Static, Flash or video ads show while the game is loading. The ad is shown for a minimum of 10 seconds.



Inter-level

Static, Flash or video ads show during natural breaks in game play, such as between game levels. The ad is shown for a minimum of 10 seconds.



Click-away

Static or Flash ads are shown in the game menu or between breaks in play. You design how it works, just provide a way for users to click to dismiss the ad.

⁵⁰ Confirmed: Obama Is Campaigning on Xbox 360!, GigaOM, October 13th, 2008
<http://gigaom.com/2008/10/13/confirmed-obama-is-campaigning-on-xbox-360/>

⁵¹ <http://www.mochimedia.com/developers/ads.html>

⁵² <http://cpmstar.com/index.aspx>

It's tough to make a living from a single Flash game. You have to keep turning out games and build a portfolio of titles that may be able to make a living for you. In addition, Flash developers generally don't have meaningful relationships with their gamers - those relationships are held by publishers or distributors.

I'm not saying that Flash development is a bad idea. Simply that as a self-publishing developer, there may be better ways of taking control of your own destiny than relying on a business where you don't have control of your own distribution.

PREMIUM REPRESENTATION

Once you reach a certain size, you may be able to find an advertising agency that is interested in premium representation. This means that they sell the advertising on your website or in your game on your behalf, as if they were part of your sales team.

They are not a network, or an in-house sales team, but something in-between.

There are not many of these businesses around, and they are very selective over which web publishers they choose to work with. Typically, they are looking for partners with over one million unique users every month and a niche that they can sell into advertisers.

That means that you will need to know what is unique about your audience: its demographic, its subject focus, its propensity to spend or any of dozen other elements that might make your proposition attractive to advertisers.

This means that you need to do research, analyse your audience and understand what an advertiser is looking for.

The premium representation agencies can take away the headache of meeting with the major media buyers every week. But they don't stop you from having to think about how you generate audiences that you can sell to advertisers.

A NOTE ON AD SERVING

If you are going to serve ads on your website, you **definitely need an adserver**. If you are going to serve them in your games, an adserver would still be useful.

An adserver manages your advertising inventory. It allows you to, for example, say that you want to deliver 100,000 impressions of a particular ad over the next week, to ensure that ads get rotated so that the same user doesn't see the same ad too frequently and to target your adverts based on the player's country.

It does this by using an iterative, predictive algorithm. It watches how many ads are shown each hour, calculates how many it needs to show to achieve its target for the week and then adjusts the probability that a particular ad is shown. When a consumer views a page containing an ad, the adserver displays the appropriate ad based on its current probability weighting. This way, it spreads the campaign over time and across a wide range of users.

You can pay companies such as Double Click (now Google) for ad serving, but there are two free alternatives:

- **OpenX** (www.openx.org) is an open-source adserver that seeks to offer all the features of many of the more expensive services. It's the adserver I use on *GAMESbrief*.
- **DoubleClick for Publishers (DFP) Small Business** is the former free Google AdServer. (<http://www.google.com/dfp/info/sb/index.html>). I have not used this service yet and would very much welcome feedback from anyone who has.

Even if you don't want the full feature set, using an adserver enables to change your campaigns without touching the core HTML code of your website. This is an incredibly useful feature. I've seen web businesses where changing the ads means changing the site manually and about once a month,

Where is your audience?

It's a curious fact that American advertisers seem to think that everyone on the Internet is in America.

When I was CEO of GameShadow, we assumed that we needed to geo-target our advertising campaigns such that UK readers saw UK ads and US ones saw ads aimed at an American audience. And indeed, that's exactly what British advertisers and agencies expected.

But pitching to American agencies was an eye-opener. They said they didn't want to work with a British website because so much of our traffic would be European. Which would be wasted.

So I said we would only show their ads to our American readers.

The account manager blinked and said "You can do that?"

The most basic ad server can do that. But no-one had told the US media buyers.

Sssh.

the site goes down because someone has left an angle bracket or semi-colon out when they cut and paste. A web server is much more forgiving, much easier to use and much more flexible. Not only does this avoid costly mistakes, but it means that campaigns can be changed or managed by people with only a rudimentary knowledge of HTML.

In fact, I'm amazed that there is *anyone* out there who still hand-codes their ads into their page.

CONCLUSION

There are so many different business models that the term "sales" covers a multitude of sins. Depending on your business, you may need to:

- Have a complex billing infrastructure
- Build a network of relationships with media agencies and their clients
- Understand the complexities of lead generation and affiliate marketing
- Integrate trials and offers into your virtual goods economy

The good news is that you are unlikely to need to do all of that, and hopefully by now you understand enough to know what should be sensibly outsourced.

If not, you can always drop me a line for advice.

CHAPTER 8: MARKETING - AN INTRODUCTION

“(Marketing is) the management process responsible for identifying, anticipating and satisfying customer requirements profitably”

- The Chartered Institute of Marketing⁵³

Games marketing is undergoing a radical shift. The old model of marketing games as products is in terminal decline. It will still happen, but there will be much less money, many fewer jobs and a fundamental change in the way games are marketed.

MARKETING GAMES AS A PRODUCT

For product-based games, everything depends on the opening weekend (no surprises that we talk like a Hollywood movie studio. In this context, we are very similar.)

The finance director of a very large publisher once told me that he could predict the lifetime revenues of a game with phenomenal accuracy. A good launch weekend will drive buzz. It will drive re-orders from all the major buyers. And that in turn will slow down price discounting and pique the interest of secondary markets like digital distribution.

If that is true, is it any wonder that the launch marketing campaign is such a focus for publishers.

A publisher has spent, typically, at least \$10 million by the point a game is launched. That money is spent. Sunk. Gone.

The only way to get it back is to sell a shed-load of units. Assuming (generously) that a publisher makes \$20 per unit sold gross, they need to sell a bare minimum of 500,000 units to break even.

⁵³ <http://www.cim.co.uk/resources/understandingmarket/definitionmkting.aspx>

So the publisher doubles down. They spend the same amount again on marketing. Which raises that amount they need to sell to a million units or more. Plus they need to make a huge profit from their successful games to cover the costs of their unprofitable ones.

Marketing has therefore become the absolute cornerstone of traditional games publishers. Everything is focused on building a massive opening weekend. There are television spots, press interviews, foolish PR stunts (anyone remember the Sony goat carcass stunt for *God of War II*⁵⁴ or EA bringing London traffic to a standstill by offering free petrol during the rush hour to promote *Mercenaries 2: World in Flames*⁵⁵), and a vast orgiastic release of marketing dollars.

All in the hope that the game flies off the shelves on the opening weekend. After that, nothing.

After that crucial weekend, marketing types go home. They move on. They've done their job (or not) and there is nothing more to do. The results have come in. The game has either hit or flopped. End of story.

Those days are dying.

(This is less true in a world of downloadable content and very quick updates - see *A note on DLC* on p. 15 - but it remains broadly how the marketing of boxed games works.)

MARKETING GAMES AS A SERVICE

"Hands up if you work in games marketing. Well, you better get your coats because your role isn't needed anymore"

- Kristian Segerstrale, Playfish, Develop Conference 2009

As games are migrating to being services, the role of marketing is changing. The big launch does not matter. In fact, many games launch with little to no fanfare, hoping to iron out the bugs with a small group of users in the wild before they tell the press about their game.

⁵⁴ <http://www.mcvuk.com/news/26807/Mail-On-Sunday-blasts-Sony-goat-stunt>

⁵⁵ <http://news.bbc.co.uk/1/hi/7599639.stm>

There is very little brand marketing for a GaaS game, although the marketing budget can be huge. There are no launch parties, few PR stunts. The focus of the marketing spend is entirely based on reducing customer acquisition cost and driving conversions.

Games marketers are changing. It's not the brand marketers who are in charge anymore; it's the data analysts, the number crunchers, the product tweekers.

I'm excited about this change. It ties marketing directly into game design. In fact, game designers might become the best marketers for their game. And anything that kills this artificial divide between game design and game marketing will be a good thing.

The difference between marketing a “product” game and a “service” game?

Product games are all about the launch. Carefully planned PR and marketing campaigns culminate in the game release.

Service games are about the long-term relationship. It's about getting players, understanding what they want, and continually giving it to them.

But there is a heavy overlap. When developers launch about a product game, they really care about it, unlike publishers who have a vast slate of titles to move onto.

So these developers worry about community, and feedback, and iterating.

The difference is profound. Self-publishing developers should focus on the community strengths and feedback, not the big splash launch.

Lessons learned 8: James Brooksby, Double Six



James Brooksby is CEO of doublesix, a studio established to create addictive, “have another go” video games across all downloadable formats: XBLA, PSN, Wii-Ware, PC, DSi, PSP and iPhone/iTouch.

Their first release was [Burn, Zombie Burn!](#) on PlayStation Network.

What’s been the best thing about self-publishing your game?

The best thing has to be the buy-in of the doublesix team. Self publishing makes all of us care so much more about the success of what is OUR game, we watch eagerly every sale and come up with ideas of how to get more people playing our game and enjoying it. It has inspired us to repeat this route and I know that now the team have felt that excitement of launching their own title, they will put even more love and attention into the games from day one.

What’s been the worst thing?

The worst thing has to be the unknown. Will people take your game to heart and buy it? In work for hire, it is less likely you will go out of business as a developer if the game you made does not sell as well as you hoped, but in self publishing it really matters!

What would you do differently if you did it again?

When we do it again, we will put more organisation into building a fan base and community before the launch. There are several reasons why we did not do this for this launch, but in future it will be a big focus for us.

What advice would you give someone thinking about self-publishing for the first time?

This is a big question, but the top tips would be to think about your marketing plans early, but not be scared by marketing. It’s not rocket science! Build very strong relationships with the platform holders for your game, pick up the phone and talk to them, they will help a lot.

Finally, you have to make a good game and make sure you have everything you need to do that: the right team, right tech, right time, contingency, focus, maximum effort!

You can find out more about doublesix at www.doublesix.com.

WHAT ARE YOU TRYING TO ACHIEVE?

The secret of any successful marketing campaign, especially one that is direct-response led, is to know what you are trying to achieve *before* you start it.

You might want to:

- Raise awareness
- Sell copies
- Generate registrations
- Capture email addresses

CALLS TO ACTION

Whatever your objectives, make sure that you communicate clearly what you expect someone to do if they read your marketing material.

- If you want some to watch your painstakingly-crafted YouTube video, say so. “Watch our cool new video at www.youtube.com/gamesbrief”
- If you want someone to try the game, say so. “Visit www.ourcoolgame.com to experience the game for yourself right now”.
- If you want someone to tell all of their friends how cool your game is, say so. “Like what we do? Become a [fan on Facebook](#)⁵⁶ and show the world that you love our game.”

I think you get the point.

These are called “Calls to Action” and they are absolutely critical to any direct response campaign.

A SIMPLE MESSAGE

Have a simple message for your game. Ideally a one sentence description that is memorable, innovative and exciting.

Hard to pull off, perhaps, but worth aiming for.

⁵⁶ Visit www.facebook.com/gamesbrief

If you want people to get excited about your game, if you want them to be able to tell their friends about, you need to find this hook. Once you have it, keep repeating it, or variations on the theme, until it is cemented in people's minds.

(This is the one bit of this guide that is no different from conventional games marketing, so I'll stop there.)

KEYWORDS AND THE BLACK ART OF SEO

You also need to consider keywords. In this age of Google, making it easier for people to find you when they search online will pay dividends.

40% of SPIL Game's traffic comes from SEO - and that's free traffic

- Peter Driessen, CEO, SPIL Games⁵⁷

Search Engine Optimisation (SEO) is the fancy name for "finding a few keywords". It has gained a reputation as a black art, with agencies charging huge premiums for helping their clients rank highly for Google and other search engines.

The truth is that it's not rocket science.

There are endless resources on the web for SEO⁵⁸, and I won't rehash them all here. I'll just highlight a few key issues for you:

- **Identify your key words.** One client (to avoid embarrassment, I won't mention their name, but they make one of the world's most popular castle-building games) didn't use the word "castle" once on their website. Made it hard for fans of "castle games" to find them. We fixed that.
- **Avoid images with words in them.** Search engine crawlers can't read images. So if your navigation or key links are images, they are useless for SEO purposes.

⁵⁷ IBIS Capital Games conference, May 2010

⁵⁸ See, for example, <http://www.davechaffey.com/SEO-Best-Practice/google-keyword-analysis-tutorial>. I keep a list of useful resources at www.gamesbrief.com/resources.

- **Forget “arcane” technology solutions.** Meta-tags have a place, but the search engines try to replicate what a human would see, and punish sites that try to spoof that. So write with the intention of helping a real person understand what your site is about, and you’ll be fine.
- **Get inbound links.** Every inbound link is viewed as a “vote” for your site in Google’s rankings, and the higher the quality of the linking website, the more influential the vote. So create content that other people want to link to. Launch press releases. Link *out* from your site (because that encourages people to link back.) In short, become part of the global web community.
- **Be sensible with your coding.** Google recognises <h1>, <h2>, ... tags in HTML. It assumes that an <h1 tag> is for an important part of your site, so assigns it higher importance. Don’t use CSS styles that you create (“mysiteheading”, “mysitesubheading”), because then Google won’t know what is important and what isn’t.

In short, write good quality copy that uses the keywords that are relevant for your game and reads well for a human. This will get you human readers, inbound links and make Google rank you highly.

Everyone is happy.

Describe Your Game Better! Hook More Players! Make More Money!

This section originally appeared in David Barnes' excellent *Facebook Indie Games* blog and appears with permission

<http://fbindie.posterous.com/describe-your-game-better-hook-more-players-m>

Make your game a success by giving it a kick ass description!

When you release a game you need to describe it -- on the App Store, on Facebook, on your own site. Get the description right and you can expect to see a lot more players. Get it wrong, and people who'd probably LOVE your game will never even get to try it.

Can you improve your game describing skills? Read on and find out!

First of all, **successful game descriptions follow a particular structure:**

- one sentence to sum up the game;
- up to five sentences describing it;
- the "snapper" that closes the deal and hooks the player;
- and a list of features that persuade the uncertain.

Let's look at each of these in turn.

One Sentence to Sum Up the Game

This sentence needs to be sharp as a knife. Its purpose is to get people who will like the game to read on, and get rid of people who won't. You have to get the main "game fun" across in just one sentence.

Figure 16: Dynamite from PopCap



Try to establish the key goal of the game, the theme of the game, and the main mechanic. You don't need many words to do this. Here's the one sentence description for [Dynamite](#) by PopCap:

- “It’s prehistoric egg blasting fun!”

Theme -- dinosaurs. Key goal -- destroy eggs somehow. Mechanic -- unclear, but involves blasting so there’s probably explosions. Oh, and it’s fun by the way. A brilliant one sentence summary that tells the player a lot in only five words.

The one sentence summary absolutely needs to end with an exclamation point. And it needs to earn that exclamation point too.

How can you sum up your game in just a few words?

Up To Five Sentences Giving a Fuller Description

This is where you tell your reader what it’ll be like to play the game. *Dynomite* needs only one sentence here:

- Use your slingshot to match three or more dino eggs of the same color... and watch them explode!

Notice that this doesn’t describe the game. Instead, it describes what the player does. **Use** your slingshot. **Match** three or more. **Watch** them explode.

This is a crucial difference. Look at any of the top games on the App Store or Facebook or anywhere else. The game description text doesn’t describe the game, it describes what the player does when they play.

Most games can use about three sentences here. Some need more. Some fewer.

Tell the player what they get to DO in your game, in about three short sentences.

The Snapper -- A Challenge or Call to Action

The snapper makes a brazen appeal to the reader to just play the game already. In *Dynomite*:

- Can you blast all the eggs before Mama Brontosaurus tramples your game?

A challenge is just one way to do this. Another popular method is even more brazen. Look at *Farmville’s* snapper:

- Come and see what everyone is hootin’ and hollerin’ about.

Play the game to find out why other people are playing the game. *Bejewelled* uses a similar technique:

- Bejeweled is the first and only puzzle game since *Tetris* to be inducted into Computer Gaming World’s Hall of Fame. Play it yourself to find out why!

There are loads of ways to do this.

What’s the one thing you can say that’s going to compel the player to take action and play / buy / download your damn game?

The Feature List

The App Store has its own section where you list features as a set of bullet points. Treat this as a benefit list, not a feature list.

For every feature you list, make it really obvious why it'll make the game more fun. If you can't figure out how to make the feature sound fun then don't bother to mention it.

Keep throwing in game-friendly words and phrases like "exciting", "addictive", "challenging" and so on. Words that will sell the game.

For each feature you want to list, how does it make the game better for players?

Game Copy Writing Tips

1. **Sell!** Nobody is really interested in a description of your game. People are there because they want you to persuade them to buy / play it. Use the opportunity to sell your game directly to the player.
2. **Avoid "[title] is a..." in your description.** It's boring and is more suited to an encyclopaedia than a sales pitch for a game.
3. **Be sparing with techie and gamer words.** They probably don't mean as much to the reader as they do to you, and they carry no emotion for most people. MMO, RPG, persistent browser game -- these words don't mean much to most people, and will rarely close a sale.
4. **Do use "genre appropriate" words.** Action games should include words like "action-packed", "fast-paced", "thrilling". Hidden Object Games should include words like "discover", "find", "uncover", "unlock", "mysteries". And so on.
5. **Every single thing you say must be a good reason to play.** If you've put in a sentence or phrase that doesn't give the player a reason to play, take it out.
6. **Start sentences with VERBS.** *Starting sentences with a verb puts the player into the action. "Fight your way to the top!" is better than, "A game where you must fight your way to the top" -- and much better than "get to the top by fighting". Serve up big, action packed verbs at the start of sentences.*
7. **Say "you" and "your" a lot. Never "the player".** *After all, you're talking to people who you want to BE players. Right?*
8. **Say "the" not "an".** "It's the addictive puzzle game where you have to unblock the sewer" is better than "Pooper Scooper is an addictive puzzle game where the player has to unblock a sewer".
9. **Don't waste words.** There are lots of phrases that you just don't need, because the context makes it obvious. Phrases like "is a game", "the backstory is", and so on. We don't need to be told this.

10. **Suspend disbelief.** We know that there isn't really an intergalactic war going on. We know that we won't really be piloting a faster than light star ship. But it's more fun and more compelling if the game description lets us forget reality and experience the game. That's another reason for leaving out "is a game" and "the backstory is" type phrases.

11. **Keep sentences short.** More than 20 words is really pushing it. Much less is best.

Case Study

Figure 17: Solitaire Siege by Bad Bumble



Here's the opening sentence for [Solitaire Siege](#) by Bad Bumble...

- Solitaire Siege is an action based solitaire (Pyramid) style game where the player gets to use Grenades, Flame Throwers, Rocket Launchers, Snipers and even Air Strikes to help them clear the table of cards.

This describes the game, but it doesn't sell the game. Let's:

- Get rid of "Siege Solitaire is an" and replace it with "it's".
- Break it into two shorter sentences.
- Use "the" instead of "an", use "you" instead of "the player".
- Ditch the wasted words -- particularly "gets to"
- Find more powerful verbs than "use"

New opening sentence...

- It's the action-packed solitaire game where you fight against the nastiest playing cards you've ever seen!

And the left-over becomes the first part of the fuller description...

- Hurl grenades, fire rocket launchers, and call in air strikes to help clear your cards in this thrilling take on pyramid solitaire!

For homework, rewrite the next section of the description into the remainder of the full description, and the snapper:

It's a fun, quick game that will make you want to play it over and over again and with it been on the iPhone, you will be able to play it where ever you are.

The basic background story to the game is that an evil general is secretly creating an army of clones to take over the world and it's your job to stop him by any means possible. You will travel from the deepest forests, to hot, dusty deserts, to the cold snow covered lands and even to hidden underground bases in your quest for the general.

(If you want to partake in the homework, visit <http://fbindie.posterous.com/describe-your-game-better-hook-more-players-m> and thanks once again to David Barnes for permission to reprint his post.)

CHAPTER 9: MARKETING - FEEDING THE FUNNEL

All businesses use the funnel.

It's a simple concept. You pour prospects in the top, work your magic on them inside, and they come out the bottom as profitable customers.

I won't go into the funnel in full detail here. It's a big topic and I'm working on another guide that focuses specifically on the sales funnel. Click here to let me know that you'd like to read [FARMinG your customers](#) - the more people who say they want it, the sooner I'll finish it.⁵⁹

But here is the big principle. You need to acquire customers more cheaply than they spend with you during their lifetime as a customer. As an equation:

$$\text{CPA} < \text{LTV}$$

where CPA = Cost Per Acquisition (sometimes known as CAC, or customer acquisition cost) and LTV is LifeTime Value.

This calculation can get a little complicated. You need to know how much **it costs you to acquire** a customer. Then you need to know what **percentage of users** become paying users. Then what **they pay on average** each month (Average Revenue Per Paying User, or ARPPU). Then **how long they remain** as customers. Multiplying all of those together gives you the life time value of a user.

$$\text{LTV OF A PAYING USER} = \text{ARPPU} \times \text{NUMBER OF MONTHS}$$

$$\text{LTV OF A FREE USER} = \% \text{AGE CONVERSION RATE} \times \text{ARPPU} \times \text{NUMBER OF MONTHS}$$

On this basis, your marketing strategy should focus on reducing the cost per acquisition AND increasing the lifetime value of your customers.

"(Bigpoint has a) Superior user lifetime per game with an average LTV of 6-8 months."

- Nils-Holger Henning, CCO, Bigpoint⁶⁰

⁵⁹ Hardcopy readers should visit www.gamesbrief.com/farming

ACQUIRING CUSTOMERS

The number rule for acquiring customers is to make sure that you can contact them again in the future. For decades, games publishers have considered customers as disposable playthings, to be courted for a new game and then discarded as the marketing team move on to the next project.

How wasteful.

Developers and the new breed of publishers have realised that, as a strategy, this is barking mad. No longer are consumers disposable, only fit to be spoken to every 12-24 months as each new franchise iteration is launched. They are now customers of an ongoing service, and need to be treated as such.

Being able to contact a customer again can take many forms. It might mean asking the consumer to:

- Provide an email address
- Become a Twitter follower
- Sign up as a Facebook fan
- Subscribe to a YouTube channel

Each one of these methods means that you can communicate with those users again. Which means you no longer need to pay to re-acquire them. And that goes a very long way to making your business successful.

Spending money to acquire customers

I am much more relaxed about spending marketing money when it feeds directly into to the top of an acquisition funnel. When the time comes for you to spend money, here are some customer acquisition routes:

Facebook ads are targeted, easy to use and extremely relevant if you have a Facebook game.

Keyword marketing (using Google Adwords or Bing's equivalent) involves paying for your ad to appear as a sponsored link when a user searches for one of your keywords. You pay every time a user clicks on an ad. To work out what CPC you can afford to pay, calculate your conversion rate and lifetime value.

Companies such as ValueClick will run an **acquisition campaign** for you. Tell them how much you want to pay per user and how much you want to spend, and they'll use their network to drive traffic. Visit www.valueclick.com/solutions for more information.

When you reach sufficient scale, you can join an affiliate network like Commission Junction or Linkshare. These are expensive to set up but turn a long tail of web publishers into online marketers on your behalf.

⁶⁰ [http://www.bcww.net/event/\[BCWW2009%20GMF\]T1-1.Nils-Holger%20HENNING.pdf](http://www.bcww.net/event/[BCWW2009%20GMF]T1-1.Nils-Holger%20HENNING.pdf)

EMAIL

Email is often the most powerful marketing tool. It is flexible, under your control (and not subject to arbitrary changes of rules like the Facebook platform), and can have great response rates.

It can also be difficult to persuade consumers to give you their email address, can get you labeled as a spammer and can be tough to deliver.

I generally recommend using a third party supplier like AWeber (www.AWeber.com), MailChimp (www.mailchimp.com) or GetResponse. These companies are heavily focused on “deliverability”, helping you ensure that your emails get through to your consumers. MailChimp provides an extremely helpful guide to email marketing for free on its website - you can find the link on the GAMESbrief resource page at www.gamesbrief.com/resources.

If you want to do it yourself, go ahead. But it won't take long before you are labeled a spammer.

If an ISP sends you 1-5 warnings, you're in trouble. 5-10, and you can expect your emails to get throttled. More than that (some of them say less than 1% of your list) and your email server gets blocked.

None of your emails will get through to that ISP anymore

- Designing, Coding and Delivering HTML email, MailChimp⁶¹

THE IMPORTANCE OF AUTO-RESPONDERS

My recommendation that you need to gather email addresses will be useless if you don't do anything with it. Auto-responders are an easy and critical way of following up.

Put it this way: do you put expect to sleep with someone the moment you meet them, or do you expect there to be some romancing involved?

⁶¹ http://www.mailchimp.com/articles/email_marketing_guide/

You, as developers, are no longer looking for one-night stands. You are looking to build steady relationships. You want your gamers to start to trust you. To give you things (like personal information). To spend with you.

You need to earn their trust.

So you start with the basics. They give you an email address in order to get something (a trial, a login to a free-to-play game, a free sample of a book on *How to Publish a Game*).

Your autoresponder hits them with a “Thank you”. An automated message that confirms that you view them as a valued customer.

The next day, you might send them another automated message. It might say “We hope you’re enjoying our game. Here is your first of three emails introducing you to our world.”

Make the email valuable. Make it fun. Offer good, constructive advice. Do that for several days and your gamers will start to trust you.

So make sure that you keep earning their trust. Don’t spam them. Try to send them things that they value. Don’t drive conversion by lowest common denominator marketing, or by thinking that if you send enough emails, some people will eventually pay you some money.

That’s spam thinking. And if you think like that, take a long, hard look in the mirror. That’s the face of a spammer.

Market by sending them things that you would like to receive. Build a loyal following. And then those gamers will seek you out. They will *choose* to spend money with you to reward you for the value you

Books you should read #4

[Purple Cow](#) by Seth Godin

Seth Godin is the leading proponent of a new type of marketing: permission marketing.

In essence, Seth believes that the old style of “interruptive” advertising isn’t cost-effective. Worse than that, it doesn’t work at all.

He believes that you need to make remarkable products that people want to talk about. That you win the marketing battle not by spending, but by giving people something they want and love.

For developers making great games, this is a powerful opportunity.

have already given them. You'll be more profitable AND you'll be able to look at yourself in the mirror every morning.

Autoresponders are your friend. Use them wisely.

EMAIL MARKETING TIPS

- ASK users to add your address to their address book. This will help with deliverability and potentially white-listing
- BE yourself. Say what your email is about. Don't use hyperbole "FREE! MUST END SOON! CLICK NOW!"
- ONE exclamation mark is enough (in fact, it's probably too many)
- AVOID writing, "free" or "click here!" or "click here now!" or "act now!" or "limited time!" That looks like spam.
- INCLUDE a real physical address. (This is a requirement of CAN-SPAM, the US email marketing legislation).
- UNSUBSCRIBING should be really easy. Your recipients can either hit "Unsubscribe" or "Report as Junk". You *really* don't want them to hit "Report as Junk". Do not make them login to unsubscribe.
- RUN your target email through SpamAssassin. It's not perfect, but it will give you a sense of how spammy your message is. http://spamassassin.apache.org/tests_3_0_x.html

"Subject lines that contain your company name in them, or that are seemingly very plain and "boring" result in better open rates than subject lines like, "FREE OFFER INSIDE! OPEN NOW!"

- MailChimp, Email Marketing Guide⁶²

USING SOCIAL NETWORKS

The golden rule for social marketers is "Go where your customers are." It's no longer cost effective to drag them to you - you need to go to them.

⁶² http://www.mailchimp.com/articles/email_marketing_guide/

Social networks evolve all the time. Currently, the three I work with most often are YouTube, Facebook and Twitter.

These are best suited for marketing to adults. Marketing to children is a skill of its own, and out of the scope of this guide.⁶³

YOUTUBE

Every game needs a YouTube video. It is the anchor of your marketing campaign, and provides an asset that blogs and review sites can use.

The number one rule is to make cool content that people want to use and share. If your content is dull, no advice I can give you will help.

But assuming that you make a video that people want to watch, my top tips for a YouTube campaign are:

- Have a single YouTube channel for your business (www.youtube.com/companyname might be good if you can get it.)
- Encourage people to subscribe to the channel.
- Keep your videos short. My personal opinion is that 2 minutes is the maximum for a promotional video. Thirty seconds is good. Five seconds might be even better.⁶⁴
- Make the content good enough that viewers will want to embed it in their blog or review.
- Always allow embedding - 40% of YouTube's views are via embeds. Why would you cut out nearly half of your potential audience?

Trials HD has been very successful with a strong fan following. Their YouTube channel (www.youtube.com/user/RedLynxTrials) is a good example of how to go about marketing using YouTube videos.

⁶³ Thanks to Neil Richardson of the Mustard Corporation for pointing out (at more than one conference) how different the skills of marketing to children are.

⁶⁴ See this five second gem from Tom Watson MP if you don't believe me. Tom is a UK politician and the man behind the Gamers' Voice campaign to promote gamers' issues in Parliament. <http://www.youtube.com/watch?v=Z4oNjTuTz-8>

Figure 18: RedLynx YouTube channel to promote Trials

The screenshot shows the YouTube channel page for RedLynxTrials. At the top, there's a search bar and navigation links for 'Browse', 'TV Shows', 'Upload', 'Create Account', and 'Sign In'. The channel header includes the name 'RedLynxTrials', a 'Subscribe' button, and tabs for 'All', 'Uploads', and 'Favourites'. The main video player displays a video titled 'Trials 2 Second Edition Smacks' with a play button overlay. Below the player are options for 'Info', 'Comments', 'Favourite', 'Share', 'Playlists', and 'Flag'. The video description includes the title, upload date (05 March 2008), view count (137,761), and a link to download the game. To the right, there are sections for 'Uploads (23)' and 'Favourites (2)', each listing recent videos with their titles, view counts, and upload times. Below the main content, there's a 'Recent Activity' section showing uploads and friend additions. On the left side, there's a 'Profile' section with statistics like 'Channel Views: 25,745' and 'Total Upload Views: 4,411,519'. Below that are 'Subscriptions (4)' and 'Subscribers (361)' sections, each showing a grid of user avatars.

This channel shows a lot of key successes:

- RedLynx has a range of uploaded videos (23 in a single channel).
- The channel is branded and has its own visual style.
- They offer the chance to subscribe (although, to be fair, that is YouTube functionality).
- I don't know about you, but I feel good about this page.

You should definitely consider building your own YouTube channel. There is an important decision to make first: should you build a channel for your studio or for your game?

My instinct is that gamers have a stronger relationship with game titles than with development studios. Therefore it's better to build a channel for your game.

There are circumstances when it might be better to build a developer channel - when you do lots of small projects, or a range of very different games - so consider experimenting to see what works.

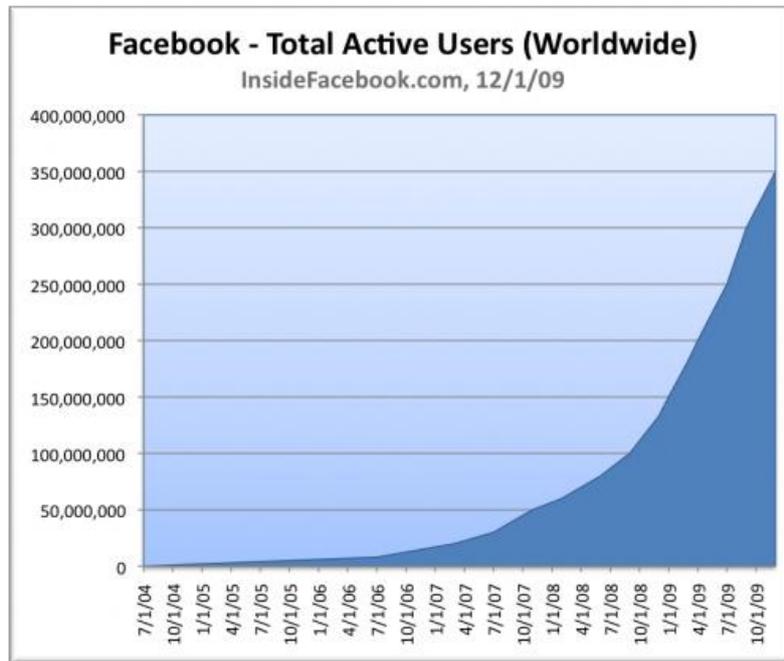
FACEBOOK

Facebook's growth has been nothing short of astonishing. With over 400 million registered users⁶⁵, approximately half of whom visit the website every month, it has become more than a marketing and communication tool. It is now a games platform in its own right.

And as Figure 19 shows, it is showing exponential growth. The chart is from 1st December 2009, and within three months, Facebook had added another 50 million users.

⁶⁵ <http://www.insidefacebook.com/2010/02/24/measurement-firms-dont-agree-on-january-2010-traffic-for-facebook-myspace-and-twitter/>

Figure 19: Facebook's phenomenal growth



Fan pages on Facebook can be very powerful. In the case of *Pet Society*, nearly 1.6 million people have Liked the page. That means that updates from the page appear in their newsfeeds and their friends will see that they like the game. This social proof is extremely powerful and helps to drive viral take-up of the game.⁶⁶

The purpose of a Facebook Page is to:

- Allow gamers to show how much they like the game
- Have a feedback channel for suggestions and ideas
- Give a mechanism of talking to your customers in their own environment
- Showcase how popular your game is

You should use it to keep players updated with changes, to initiate conversations with your fans and to provide additional ways of interacting with them.

⁶⁶ Social proof and the five other key “influences” will be covered in a forthcoming guide on “How to Make a Social Game”. If you are interested in being told when this is release, let me know at [address]

Figure 20: Playfish's Pet Society Fan Page



I use a Facebook Page for *GAMESbrief*, even though I am not targeting a consumer audience. I import *GAMESbrief* blog posts via the RSS feed and fans can Like or Comment on stories, which spreads them across the Facebook social graph.

I go a step further: I include a Facebook "Like *GAMESbrief*" widget on my blog. Its purpose is not, in fact, to get new fans; it's to show visitors to my site that **people they know** like *GAMESbrief*. (The fact that Facebook knows who you are automatically populates my Fan box with your friends is a worry for another day.)

Because people like what people they like, like. (I hope that made sense). By showing people that their friends like *GAMESbrief*, I encourage them to become Fans themselves. That allows to me to spread *GAMESbrief* further across the social graph.

So, if you are enjoying this book, I ask you to visit www.facebook.com/gamesbrief. and Like it You'll get easy access to all of my posts and help spread the word about *GAMESbrief*.

Figure 21: GAMESbrief Facebook Fan widget

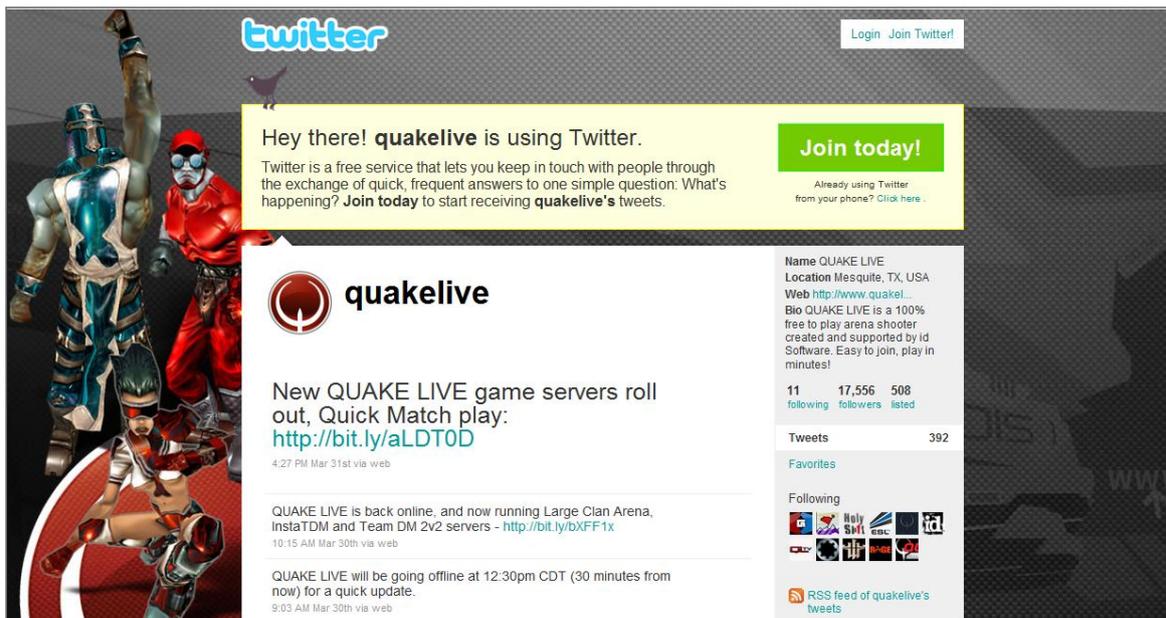


TWITTER

If your game is an online game, you absolutely, 100%, **must** have a Twitter account. If you use for nothing else but telling gamers when you have a problem with your servers, it will be worth it.

id Software's Twitter account for *Quake Live* is an excellent example. (You can see it at www.twitter.com/quakelive). It is not used primarily as a marketing tool, but as a way of keeping players aware of any issues with the service.

Figure 22: Quake Live on Twitter



This is a great use of Twitter: responsive, real-time and addressing issues of pressing concern to gamers.

It is harder to use Twitter to build buzz. The site is still nowhere near as popular as Facebook and with only 140 characters, there is a limited amount you can get across (which, of course, is the point.)

“It is why I started the Twitter account in the first place. I have direct line to our audience and the press. There is no middleman. We are responsible for what we say and what we do, and we can be held accountable for our successes and failures.”

- Robert Bowling, creative strategist, Infinity Ward⁶⁷

My top Twitter tips are:

- Be human. Twitter is often best when people can follow a person, not a company
- Build a personality
- Create tweets that can be retweeted. Aim not for 140 characters, but for a message that can fit “RT @youname:” in front of it.
 - For those of you who would prefer formula, max length = 140 – 6 – user name length

If you want to see how I use Twitter, follow GAMESbrief at www.twitter.com/gamesbrief and me at www.twitter.com/nicholaslovell.

⁶⁷ <http://www.develop-online.net/features/670/Infinity-Ward-talks-Twitter>

Lessons learned 9: David Amor, Relentless Software



David Amor is Executive Director of Relentless Software, a developer of games that appeal to “more than the hardcore gamer”.

They worked on [EyeToy](#) and [Singstar](#), but are best known for [Buzz!](#), first released in 2005. In 2009, they self-published an episodic adventure game, [Blue Toad Murder Files](#) on PlayStation Network.

What’s been the best thing about self-publishing your game?

The complete creative control over the project. If an idea came to me during my morning shower we could agree it by 10am and it could be in the game by the end of the day.

What’s been the worst thing?

The bet. I’m not sure if that was the worst thing but it’s the thing that’s forefront on our minds: would we recoup the money we were spending?

What would you do differently if you did it again?

Know the audience. Our heritage is making casual games, so we delivered a high-quality, non-hardcore experience for *Blue Toad Murder Files* on PSN. Our problem was that the PSN audience wasn’t looking for that kind of game.

What advice would you give someone thinking about self-publishing for the first time?

If you or your team are used to working on console titles, prepare yourself for a ten-times reduction in budget. You can’t afford to model and animate in the same way, so look for shortcuts. Work out what you care about and then chop down the scope on everything else.

You can find out more about Relentless at www.relentless.co.uk.

PRESS AND PUBLIC RELATIONS

PR is not the black art that many people think it is.

It's also an ambiguous term.

Press relations involves, er, talking to the press. For games companies, this is mainly focused on getting your game reviewed and talked about. It can also involve responding to sensationalist accusations that your game leads to copycat killings or the decline of civilized society.⁶⁸

Public relations is about talking to gamers. Your fans. It is often more focused on crisis management than building buzz.

In this era of social networking, retweeting and sharing, the lines between the two are becoming increasingly blurred. But it is still worth thinking about them separately so you can consider whether a different approach is necessary.

PRESS RELATIONS

For most games developers who are self-publishing, getting into traditional printed publications is not an option. Few magazines cover digital-only content and their scarce (and expensive) physical pages are dedicated to blockbuster titles that have the potential to bring blockbuster advertising budgets with them.

“Don't announce new games during trade shows, for example, because the news sites simply won't cover it. There's such a thing as too much news, apparently. Find a lull in the press and exploit it with a full-on blitz.”

- Dan Marshall, Zombie Cow⁶⁹

⁶⁸ Or pretty well anything said by Jack Thompson or Keith Vaz MP.

⁶⁹ www.britishindie.com/2009/08/zombie-cow-interview

The primary outlet for press relations is websites. Which is great news, because they are, frankly, content whores. Give them a half-decent press release that they can rehash into a story and Bob's your uncle: press coverage.

To get an announcement covered, I recommend that you:

- Have a strong headline, ideally with your keywords in it. Most websites will hyperlink the title of your press release to your website, which will really help your search engine optimisation
- Offer at least two quotes in the press release. Ideally one would be from a senior member of the company and another would be someone external. If you are announcing an investment, quote the investor. If you are announcing a partnership, quote the partner. If you are announcing a new distributor... you get the idea
- Attach images. At the very least your company logo and a picture of one of the people who gave a quote (preferably an image of each person). If you are also promoting a game, it makes sense to attach an image of the game too.
- Make sure you have a call to action, if it is even vaguely appropriate. "To find out more about Our Product, register at www.ourwebsite.com" or "You can find out more at www.ourwebsite.com", for example.

The easier you make it for a journalist to understand why your story is interesting or important and then to rehash it for publication, the more likely it is to get published.

*"My dream email from a developer on a game they're releasing would include a link to a **well produced video** captured from the emulator, a zip file full of **amazing screenshots**, a **brief description** on what the game is about, a good explanation of what **makes it stand out in the crowd** to be worth my time to look at, and finally a link to **download the pre-release copy**.*

This makes my job easy (and) it makes your game look good since you largely control what media gets posted with my review."

- Eli Hodapp, Touch Arcade⁷⁰

⁷⁰ <http://a-13.net/post/98060270/iphone-developer-psa>

Before my friends in online journalism berate me for making these accusations of shoddy journalism, I make two points in my defence. The first is that there is certainly some good, investigative reporting that takes place online.

There's also a lot of rehashing.

The second is that the printed publications are just as bad. The shockingly lazy and inaccurate rehashing of a press release that warned of increasing vitamin D deficiency in the UK population led to headlines including "Video gaming leads to surge in rickets" (*Metro*, 22nd January 2010⁷¹) and "TV and computer games blamed for return of rickets" (*The Times*, 22nd January 2010⁷²). Both journalists took a press release, found one throwaway comment and turned into a scare story with no further research. You can find the full debunking at *GAMESbrief*, but a single quote from one of the two scientists behind the research will make the point.⁷³

"We do not say games cause rickets"

- Dr Tim Cheetham⁷⁴

⁷¹ www.metro.co.uk/news/810028-video-gaming-leads-to-surge-in-rickets

⁷² www.timesonline.co.uk/tol/life_and_style/health/child_health/article6997656.ece

⁷³ www.gamesbrief.com/2010/01/scientists-behind-games-cause-rickets-deny-a-specific-link/

⁷⁴ www.gamesbrief.com/2010/01/scientists-behind-games-cause-rickets-deny-a-specific-link/

THE TOP 25 FACEBOOK GAMES IN APRIL 2010



Facebook makes usage data for its games freely available and Appdata (www.appdata.com) has aggregated the data so you can search it.

It tracks trends, activity and popularity. It's an invaluable tool

	Title	Publisher	MAUs
1.	FarmVille	Zynga	80,085,797
2.	Birthday Cards	RockYou!	34,819,570
3.	Texas HoldEm Poker	Zynga	29,614,449
4.	Café World	Zynga	28,528,850
5.	Mafia Wars	Zynga	24,118,377
6.	Treasure Isle	Zynga	23,162,503
7.	PetVille	Zynga	21,505,742
8.	FishVille	Zynga	19,205,833
9.	Pet Society	Electronic Arts	18,718,246
10.	Zoo World	RockYou!	17,544,066
11.	Restaurant City	Electronic Arts	14,305,122
12.	Social City	Playdom	12,644,792
13.	Hotel City	Electronic Arts	12,172,876
14.	YoVille	Zynga	11,868,851
15.	Happy Island	Crowdstar	10,856,119
16.	Bejeweled Blitz	PopCap	10,186,687
17.	Country Life	Country Life	9,366,287
18.	Farm Town	Slashkey	9,276,765
19.	Island Paradise	Meteor Games	6,576,818
20.	Bubble Island	Wooga	6,066,083
21.	Tiki Resort	Playdom	6,003,512
22.	Ninja Saga	Ninja Saga	4,810,875
23.	Sorority Life	Playdom	4,796,014
24.	Zoo Paradise	Crowdstar	4,619,527
25.	Country Story	Electronic Arts	4,104,504

There are two big lessons for me from this chart.

The first is that **on Facebook success breeds success**. Zynga has nailed the way to build an audience on a social network and is able to use its existing games to break new intellectual property. If you don't believe me, take a look at Treasure Isle in the chart above. That game was released less than a month before the date of this chart.

The second is that **the opportunity is huge**. The 25th most popular game has over four million users. There is a long tail of games with over one million users. If you are good at converting, you can make a decent living without ever appearing on these charts.

THE POWER OF VIRALITY

Virality is the holy grail of online marketing.

When virality is working right, you can just sit back and count the money.

What do I mean by virality? I mean that every user who joins your service invites at least one other person (and that person joins). That way your audience is doubling all the time. Theoretically, you need to start with just two users. They each invite a new user and you have a geometric progression that leads to tens of millions in no time flat.

Would it surprise you to learn that it is harder than that?

Viral is hard. Really hard. Very few videos or images or games go viral without significant effort on the part of the creator.

THE VIRAL COEFFICIENT

The viral co-efficient is a fancy way of breaking down the key components of virality so that you can tweak and analyse them. It can be represented as an equation:

$$A\% \times B \times C\%$$

where:

- A% is the percentage of your users who invite one or more friends
- B is the average number of friends that they invite
- C% is the percentage of friends who subsequently join up for your service

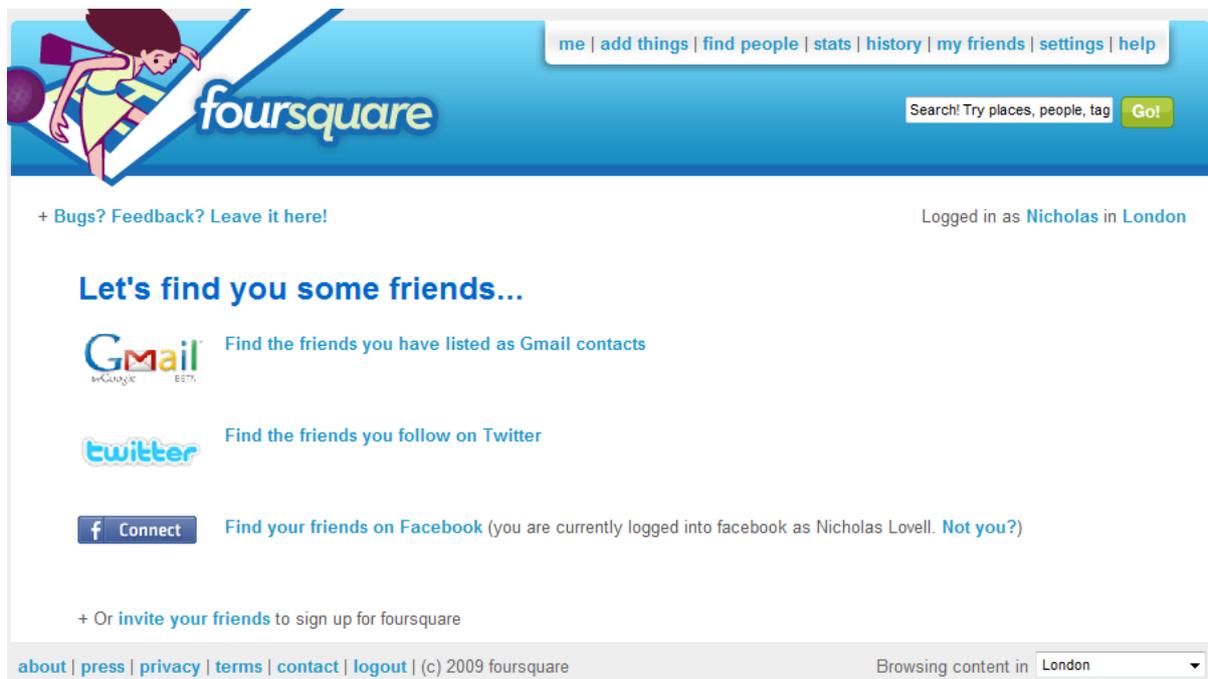
If the viral coefficient is over 1, you are growing exponentially. If it is over 1.3, you should be very happy because you are almost certainly growing faster than you are losing customers (the rate of customer loss is known as “churn” and is an obsessive focus for mobile phone and cable companies).

The companies that had early successes on Facebook used the viral features of the world’s largest social network with consummate skill. Since then, Facebook has changed its terms of service to limit some of the viral features - in part to force companies to spend money on Facebook ads in order to acquire customers.

To make your game viral, you need to optimise all three parts of the viral equation.

To make it easy to invite your friends, use as many existing social graphs as possible. Facebook Connect is a no-brainer on almost any game, and increasingly Twitter is being used as a log-in. If it is appropriate to your game, you can ask people to give you access to the Gmail, Hotmail, Yahoo or other mail service. Any time you can reduce the friction for a user to invite lots of friends to join your service, you are increasing both A% (the percentage of people who invite a friend) and B (the average number of friends that they invite).

Figure 23: Foursquare's invitation screen



Foursquare does this very successfully in the simple “find people” screen show above. They use three of the most popular social graphs to help you find friends to make Foursquare relevant to you quickly.

I don't believe that consumers have appetite for building any more new social graphs. I strongly recommend that you use existing social networks to connect existing users to new ones, rather than trying to build your own social network. (I've tried. It's very hard).

VIRAL TOOLS

There are a number of third party solutions that can help you build social functions into your games without having to develop them yourself.

FACEBOOK CONNECT

Facebook is *the* social graph. With over 400 million registered users and an active gaming community, it is the quickest and most effective way to add social features to your game. By tapping into your users' existing friendships and making it really easy to invite their friends, you maximise your chances of going viral.

Whether you are working on a game that is played on Facebook, or developing a game on the web or the iPhone that would benefit from the social graph provided by Facebook Connect, harnessing those 400 million users is a powerful marketing tool.

But Facebook Connect is more than that.

You may notice that you can comment on blog posts on *GAMESbrief* using Facebook Connect. That's because I know that most people wouldn't register for yet another website just to leave a comment. So I make it as frictionless as possible. No signup, no registration, just use your existing Facebook credentials. (Or Twitter, or OpenID).

I strongly recommend that you do the same.

Is Facebook limiting virality?

A number of recent measures by Facebook - stopping applications from sending you notifications, reducing their access to your newsfeed - suggest that Facebook is trying to limit the virality of its platform.

This may be true.

In the absence of inbuilt viral hooks, games companies will have to spend more on customer acquisition.

Which means advertising. On Facebook. And paying money to Facebook for the privilege.

I expect to see Facebook continuing to limit how easily applications can access the social graph. Part of this will be to stop the endless spamming of newsfeeds with *Farmville* updates.

But part of it is more nakedly commercial.

SCORELOOP/OPENFEINT

Scoreloop (www.scoreloop.com) and OpenFeint (www.openfeint.com) each offer social features such as leaderboards, friends list and challenges for iPhone games.

“We have a long-term vision for Plus+ Network to grow to become the definitive service for iPhone and iPod touch gamers to discover games and friends, play against each other and ultimately gain success, bragging rights and rewards in the community.”

- Joe Keene, founder and COO, ngMoco⁷⁵

Publishers such as ngMoco (Plus) and Chillingo (Crystal) argue that their social platforms, which also drive usage between games in their portfolio, are a key benefit for developers choosing not to self-publish but to work with a publisher instead.

These services are having to work extra hard to stand out now that Apple has introduced social features in OS 4. It will be interesting to see whether they can create a viable business or whether most developers will be content with Apple’s more limited functionality.

FEEDING THE FUNNEL CONCLUSION

The key to a successful service-based game is using data to understand your audience. I recommend that you focus on getting your existing customers to come back frequently and spend money with you first. Acquisition can come later, once you have nailed your conversion process.

And once you have nailed your conversion process, it’s probably time to start spending serious money on marketing.

⁷⁵ <http://www.pocketgamer.biz/r/PG.Biz/Plus+Network/news.asp?c=13877>

Lessons learned 10: Daniel Jones, Binary Tweed



Daniel Jones, better known as DeeJay, is the Managing Director of Binary Tweed, which makes “new games that are a bit like old games, but better.”

He started life as a web developer at a finance company (Head Of Web Development at a multinational online derivatives trading company, no less), but in 2008 he founded his own indie development company.

His first title is [Clover](#), an adventure platform puzzle game.

What’s been the best thing about self-publishing your game?

Publishing through XBLIG gives up-to-date stats, and whilst the peer review process can be unpredictable, it’s much less hassle than XBLA/PSN certification. It’s also great only having to work with people I choose to, and being able to make creative choices freely.

What’s been the worst thing?

Lack of marketing spend really hurts. Luckily XBLIG has a core of devoted fan sites, but the PC release of *Clover: A Curious Tale* really suffered from low visibility. If the game had a publisher there would have been marketing funds, and existing relationships with key players.

What would you do differently if you did it again?

A 9-month development cycle was far too long for my initial title. Really I would have been much better off making something very simple with wide appeal, to get a better grasp of the technology and market. I’d also not take the word of ‘experts’ - a few times I did things someone else’s way because I believed that they were more experienced, and lived to regret it. I’d much rather make my own mistakes than have someone else’s affect me.

What advice would you give someone thinking about self-publishing for the first time?

XBLIG is a great easy-access route to market; you might think self-distribution on PC would be even easier, but it’s really hard to sell anything if you’re not on Steam. Start small, and be prepared to make games you don’t find particularly creatively satisfying in order to pay the bills.

You can find DeeJay at www.binarytweed.com.

Your website is your face to the world. It is your primary point of contact with many of your consumers. It is an invaluable marketing tool. It is completely under your control.

So why are so many developer websites rubbish?

Speaking for the defence, I would argue that the primary reason why developer websites are rubbish is because they were never aimed at consumers in the first place. In the old world of boxed products, a development contract would frequently forbid developers from releasing any details of the projects to the general public. Since fans and journalists know that developers would love to talk about their games, having a website where your staff and your customers both hang out is a recipe for leaks and painful conversations with a publisher.

But that was the old world. This is the new world of self-publishing. Self-publishing developers are in control of their own destinies, and building a website that supports their publishing strategies should be one of their first priorities.

And it needn't be difficult.

Books you should read #5

[Don't Make Me Think](#) by Steve Krug

Web usability at its most simple (and powerful). Krug focuses on the premise that every time you make a user think, you expend a little bit of goodwill or cognitive energy.

Use too much and you've lost that user.

And it's usually unnecessary - a little bit of usability thinking can go a very long way.

I'm on my third copy of this book. It keeps being borrowed and never returned - a very good sign of its importance.

THE FIVE GREAT WEBSITE DESIGN MISTAKES

The games industry has historically been terrible at designing websites. They are almost invariably developed to impress the marketing team and have prioritised looking pretty over offering a rewarding experience to visitors and creating valuable traffic for the developer.

Here are five of the most common mistakes developers make when building their websites.

1. BUILDING YOUR WEBSITE IN FLASH

Flash sites are invisible to search engines. They are invisible to Google, to Bing, to Yahoo and to the other places where your customers are likely to search for information about your studio or your games.

Furthermore, they preclude deep-linking. If a user wants to post a link to one of your games in a forum (generating traffic and inbound links for you), they generally can't: they can only post a link to the homepage, and all the evidence shows that deep-linking is much more effective at driving traffic and conversions.

Flash may look pretty, but it makes your website slow to load, destroys any Search Engine Optimisation and makes your site invisible on the web. It is a crazy, crazy idea.

2. BELIEVING THAT A FORUM IS ALL THE COMMUNITY A DEVELOPER NEEDS

"As an online discussion grows longer, the probability of a comparison involving Nazis or Hitler approaches one"

- Godwin's Law of Nazi Analogies⁷⁶

Most developers tell me that they have a community. I ask them what they mean by that, and typically they say "we have 50,000 people registered on our forums."

⁷⁶ <http://www.wired.com/wired/archive/2.10/godwin.if.html>

This may be a community, but is likely to be useless to you as a marketing channel and in reality much smaller than you think.

A forum may be hosted by you as a developer, but it is not controlled by you. Not even if it is moderated by you. It is not a good way for you to get your message out.

Forums are dominated by a small proportion of the overall audience. An active forum requires real commitment from users to keep up with the number of posts. In short, they are a powerful way to allow your users to talk to each other. They are a poor way to talk to them directly.

There are many ways of building a community following that is more likely to help you communicate with your fans AND increase sales:

- A **blog** is a one-to-many communication that allows significant interaction through the comments section but allows you to control the key messages
- **Social networks** like Facebook enable your fans to broadcast their support for your game to their social graphs
- **Twitter** enables your fans to know what's going on at a developer, and to spread the word via retweets
- **Email**, perhaps the most powerful tool in the marketing arsenal for a developer, enables you to push important communications out to your fan base with a clear call-to-action and an opportunity to generate revenue.

Forums are part of your community. They are important. They are valuable. But they are very far from being enough to build a strong website.

3. HAVING NO CLEAR CALL TO ACTION ON THE SITE

What is your website for? To tell people that you are a cool developer? To impress publishers? To sell games? To generate leads?

Or is it just there because you have to have a website?

The effective websites all make it easy to know what you should be doing. Google has a blank page with a big search box. Amazon patented the One-Click process to get users from browsing to buying in as few clicks possible.

You might want users to buy your game. You might want them to sign up for a newsletter. You might want them to register for a free trial. Go and have a look at your own website now with a critical eye. When you first arrive at the homepage, do you know what you should be doing? If not, you'll be losing lots of your users.

So **identify** what you want you want your users to do. **Signpost** it. And **make it easy**.

Otherwise you'll be wasting a huge amount of traffic.

4. PUTTING DESIGN ABOVE USABILITY

Think about your own experiences visiting a website. Do you like waiting for a page to download because it has so many images? Do you watch Flash intros, or do you always click on the Skip button?

Users want to get to their information quickly. Along the way, they want to be entertained and informed. They don't want you or your design agency proving how clever you are.

This is not to say that design is unimportant. Far from it. But good design IS good usability. Make sure the two go hand in hand.

5. HAVING NO ANALYTICS ON THE SITE

Analytics are the basic tools for understanding your website. They show you not only how many users you've got (server logs can tell you that) but how they find your site, what keywords they searched for, where they went, whether they converted and much, much more.

Not having analytics is like running your business without knowing your income and your expenditure. Google Analytics is free and simple to install, and there are other analytics solutions available. Above all, get analytics installed as soon as possible so you can start building up some data to analyse.

WHAT'S THE BEST WAY TO BUILD A COMMUNITY? DELETE YOUR FORUMS

(This provocative blog post originally appeared on GAMESbrief)

Forums are nasty, inbred places where aggressive denizens fight hard to keep outsiders at bay. So why do so many games companies believe that community = forum.

Forums seem like a great idea. "Hey, we can offer a place where our customers can talk to us, and to each other. We'll put it on our website, we'll make users register with us and hey presto, an instant community."

But they're not.

Most forums start happily. A few, engaged, interested users join a forum because they really want to talk to the developers of their favourite game. A genuine dialogue emerges where consumers discuss features and ideas with each other and with the developers. Ideas get shared,

And then it goes wrong.

[Clay Shirky](#) credits Geoff Cohen as saying "The likelihood that any unmoderated group will eventually get into a flame-war about whether or not to have a moderator approaches one as time increases."

[Godwin's Law](#) states "As an online discussion grows longer, the probability of a comparison involving Nazis or Hitler approaches one."

To put it another way, communities start to bicker, argue and fracture. Moderators can help, but there is a much bigger and insidious point: the treatment of newbies.

The tougher the initiation, the more loyal the group

American fraternities are strange organisations. I don't understand them. But I know two things about them:

- Their members are very loyal to them
- They have horrid initiations (some of them are called "[hazing](#)" and are banned in many US states, partly because they have led to fatalities)

But the really interesting fact is this: the more tough and unpleasant the initiation, the more loyal the pledges become to their fraternity.

Researchers call this cognitive dissonance and [theorise](#) that the reason is that once you have voluntarily put yourself through such an evil initiation, you're damned if you're going to admit that it was a ridiculous mistake. Nope, you have to continue making the fraternity a core part of your life, otherwise you have to admit that you've been a Grade A doofus. And no-one likes doing that.

More than that, no-one is going to let new members into the group without making them go through a similarly unpleasant experience. To do so would devalue their own experience, so it won't happen.

But forums aren't fraternities

Forums start out nicely. The early members have an "Initiation" that simply consists of being there from the beginning. They feel that they contributed to the growth of the forum.

Then someone turns up and innocently asks "Hey, I'm new here, how do you play?"

And they unleash a tide of vitriol that is shocking to behold.

"RTFM". "n00b". "Search the forum before posting". "You haven't earned the right to post here". The crowd unite to dissuade new members from joining unless they are brave enough to get through the initiation process. Which involves being flamed and attacked for being new until they've earned their stripes.

And that, dear games companies, is your community: a group which will only continue to be cohesive if it makes it **difficult and challenging for newcomers** to join.

That's not my definition of a community.

Is that all that's wrong with forums

Not even slightly. Off the top of my head:

- Forums require you to **register before you can comment**. In this era of Facebook Connect, Twitter, Disqus and OpenID, it is getting harder than ever to make users register. And asking them to register simply to comment on a forum is a very slim incentive
- Forums are **unstructured**. On a busy forum, there is no way of keeping track of which threads matter. On some online games I've played, keeping up with what's happening in the forums can take more time than playing the game
- **Company announcements disappear**. It is hard to separate critical information from the company from personal discussions driven by your users.
- **Forums are ugly**. That may just be personal view, but I have yet to see a forum that is easy to navigate, easy to search or pretty to look at.

So what's the solution?

Community is made up of so many different elements. Different tools are better for different purposes. Forums remain, unfortunately, the best medium for allowing users to talk to each other. But they are terrible for letting the company talk to its customers, for marketing the company or product, for attracting new users or for allowing users to share content with their friends. So the solution is to treat the forums as a tiny part of your community.

- A **blog** is the ideal medium for communicating company strategy, product launches and new features to consumers. The benefits are huge:
 - All **key announcements can be found in one place**. They don't get cluttered by forum dross
 - Gamers can **comment directly on the posts**. (Blogs without comments enabled are pointless.)
 - Press and other commentators can **find your announcements easily**.
 - URLs are **easy to share** and are usually search engine friendly.

- **Twitter** enables rapid dissemination of thoughts and ideas. If your product breaks down, Tweet it. Tell everyone what's happening and when it will be resolved. Announce new products through Twitter and it will be re-tweeted rapidly. But be honest, be personal, be real.
- **Facebook** is still struggling to make Fan Pages work. But it can be useful as a rapid way of collecting a user base you can speak to, without them having to register with you. Facebook is likely to keep improving Fan Pages to make them more useful to companies and their customers, so I expect them to become even more important over time.
- **YouTube** is often dismissed but it is a key community as well as a marketing channel. It offers subscriptions, comments, channels and video replies. Games companies, which often have great video assets, are naturally suited to this environment. Build content, share it, communicate with your fans, cross-promote it.
- **Listening:** That's an important part of community. I think it's very hard to listen in a forum – there's too much shouting. But these other environments are easier to track and follow, and senior management should use them to listen.

So should I really delete my forums?

Forums are a place for the hardcore. The most loyal fans, who are usually also your most misguided and least profitable. The ones who think that their demands are the most important, because they care so much. The ones you should rarely listen to as you develop your product for a larger audience.

So yes, you should consider deleting your forums. But if you don't, remember that a forum is a closed shop with incentives to keep newcomers out. It is not a community.

Source: <http://www.gamesbrief.com/2009/12/whats-the-best-way-to-build-community-delete-your-forums/>

Books you should read #6

[Mistakes were Made \(but not by Me\)](#) by Carol Tavris and Elliot Aronson

Cognitive dissonance. That is the heart of what makes us human. Or perhaps, it's the avoidance of dissonance that is so key.

We hate holding two contrasting positions. We have therefore become incredibly proficient at convincing ourselves that, for example, buying an expensive car is really justified because we read that it will increase our earning power.

This book explains everything from political scandals to why you make decisions you know to be foolish.

Everyone should read this book.

DESIGNING A WEBSITE: BEFORE YOU START

The most important elements of designing a website can (and often should) take place before anyone starts coding. Spending some time with a piece of paper to identify the key objectives of the website and then doing some basic research will make your site much more effective.

Even if your site is already live, it's worth going through this process, because you may well find that your site doesn't really do what you want it to do anymore.

Check some of the basic issues with your existing website by **running it through a website grading** tool such as www.websitegrader.com.

(By the way, notice the powerful marketing technique that Websitegrader uses. They provide a valuable service and ask for your email address in return. They then hit you with a series of valuable autoresponder emails which eventually trickle off as your likelihood of converting declines. Whenever someone is selling to you, I recommend that you **watch** what they're doing and look deep inside yourself for how you

Google's tools

Google is a web designer's friend. It may be a gargantuan quasi-monopoly or an altruistic fount of technology, depending on your point of view, but it offers a range of tools that are invaluable to a website owner.

Ad Manager (www.google.com/admanager)

Google's free ad server, now renamed to DoubleClick for Publishers. See "A note on ad serving" on p. 107 for more information.

Alerts (www.google.com/alerts)

Alerts are a very simple tool. Enter a keyword and Google emails you whenever that keyword appears. It's incredibly useful for keeping track of what people are saying about your game or company.

Analytics (www.google.com/analytics)

Analytics are the heart of any web business. They tell you how many customers you have got, where they come from and what they do. Once you have identified what you want your users to do (sign up for an email, buy your game) you can set goals to analyse conversion targets. You need an analytics package. Google's is free.

Feedburner (feedburner.google.com)

Feedburner is a free web feed management tool. It allows you to use RSS feeds to distribute information widely, and track where it goes. It's a good tool for encouraging users to subscribe to your blog, and even RSS feeds from your game.

Webmaster Tools (google.com/webmasters)

The webmaster tools help you see how Google's crawler will see your site. It makes recommendations that will help with Search Engine Optimisation and reports on broken links. It's highly recommended for all webmasters.

feel about it. It may lead to new marketing techniques that you can use to sell your game.)

1. DECIDE ON THE PURPOSE

Have at most three core objectives for the site. For example:

- Persuade people to register for your free game
- Convince investors or partners that you have a good business
- Impress the press

Make sure you have clear calls to action in the design. One client of mine operated a freemium business model where they gave away a basic version for free and offered an upgrade path. There was no upgrade button on the main screen.

2. DEFINE THE NAVIGATION

The navigation bar is incredibly important. Most users skim the navigation bar of each new site they visit to get a sense of what the site is about. Make sure that your navigation gives the right impression *as well as* offering rapid access to the key parts of your site.

3. RESEARCH KEYWORDS

How will people search for your site? For your brands? For the genre of game that you are making? Make sure that you identify the keywords that you want to use for your site at an early stage. Use them in prominent places on your site.

Keyword exercise

Think of five to ten words or phrases that gamers might use to search for your games and type them into Google.

How did you do?

If your site doesn't appear on the first page, it might as well not exist.

What could you do to improve your ranking? Go to your website and look for places where you can put the key words and phrases you've identified.

Include them in titles and headings. Use them as internal hyperlinks. Remove any navigation that uses images and replace it with keywords.

These simple changes are the first steps to SEO for your site.

4. DECIDE ON THE SCREEN RESOLUTION

You need to decide what size screen you will design for. Some designers still think 800x600 is important, and if your audience is middle-aged women playing casual games on aging desktops or cheap netbooks, that may be true.

But why guess? Why not find out?

Most analytics packages will tell you the resolution at which your consumers view your content, and it is worth checking this rather than making assumptions about screen sizes.

Table 5: GAMESbrief browser resolution

	Screen Resolution <input type="text" value="None"/>	Visits <input type="text" value="Visits"/>	Visits
1.	1280x800	6,818	23.71%
2.	1024x768	5,992	20.84%
3.	1440x900	3,006	10.45%
4.	1280x1024	2,785	9.69%
5.	1680x1050	2,004	6.97%
6.	1366x768	1,923	6.69%
7.	1920x1200	838	2.91%
8.	1152x864	628	2.18%
9.	1280x768	495	1.72%
10.	1920x1080	485	1.69%

Source: Google Analytics

Pretty well no-one views GAMESbrief in anything less than 1024 pixels wide. So I'm safe designing a page that is 1000 pixels wide. Go see what your audience looks like.

CONCLUSION

Designing a website is a process that never stops. It is your primary shop window and now that you are trying to push publishers and retailers out of the picture, it may be your ONLY shop window.

Make a note in your diary to return to the website every three months. Does it still reflect what you are trying to achieve? How could it drive more sales? More registrations?

Treat your website as an ongoing project that needs to be endlessly iterated and track the results.

Before long, you should start seeing registrations and sales rising. And all because you focused on the website.

Lessons learned 11: Dene Carter, Fluttermind



Dene Carter is a games industry veteran of 25 years, and co-founder of Big Blue Box Studios, creators of the Fable franchise for the Xbox. Over his long career Dene has worked as programmer and creative director on numerous games, including such #1 hits as [Dungeon Keeper](#), [Fable](#) and [Fable 2](#).

He is now an independent developer at [Fluttermind](#). His first game was [Flaboo](#) for the iPhone.

What's been the best thing about self-publishing your game?

The best thing has been my ability to retain total control over every aspect of the game. As a massive dilettante, I've been a bit frustrated over the last few years as my position within a large company became increasingly removed from the actual physical craft of making a game.

What's been the worst thing?

The worst thing about the whole process has been the backfiring of the 'release early and update often' ideal. In my case, I launched early with no leaderboards to get the buzz going. Despite my advertising that these were imminent (and now present in the version uploaded to Apple) this lack was taken as a serious omission in several reviews. Grrr...

What would you do differently if you did it again?

Ideally, I'd not have launched until leaderboards were in, despite various advice to the contrary.

What advice would you give someone thinking about self-publishing for the first time?

Be warned: you'll have to spend more time marketing your game than you did making it. Also, ensure that the version you release is as perfect as you can make it. You'll be judged on it, regardless of future updates.

You can find out more about Dene at www.fluttermind.com.

CHAPTER 11: FINANCE

For many games developers, seeking finance is the most pressing focus for senior management. They have been brought up in a world where the only route to success is to get a lucrative advance from a publisher. They focus all of their efforts on getting a prototype of their game idea ready to show to funding partners, whether they be publishers, investors or the bank.

STOP!

You don't need to do this anymore. The world has changed and you should, wherever possible, focus that effort on building something that can generate revenue and profits for the company, not on getting an advance.

SOURCES OF FINANCE

There are many sources of finance. The key ones are:

- Revenue
- Government
- Banks
- Investors

Let's look at them each in turn.

REVENUE

Revenue is the cheapest form of finance. It requires you to pay no interest nor to give up equity in your company to outside investors. It is, in many ways, the best form of finance. For many early-stage companies, it is also the hardest.

The good news is that in this world of digital distribution, developers can become publishers with hardly any upfront capital. Barriers to entry keep getting lower and it is possible to launch a game on a fraction of the budget needed only a few years ago. If you've read this far, you'll know that you can:

- Use scalable infrastructure that grows with your business, such as Amazon Web Services

- Outsource payments and distribution to Apple, Microsoft, Sony and Nintendo if you publish on consoles or smartphones
- Release only 20% of the finished game and iterate over time, all while generating revenues, if you launch a browser-based or Facebook game.
- Use the free (to an extent) distribution channels of Facebook and the web

These changes mean that the traditional role of venture capital is less necessary than it once was, and many small teams or existing developers can become publishers without raising any capital at all.

“We launched Astro Ranch on a budget of £80,000 (\$120,000)”

- Paul Farley, CEO, Tag Games⁷⁷

Using revenue as finance is easy to understand but harder to execute. The simplest route is to continue behaving as a work-for-hire games developer. Generate a margin on every project you do for someone else. Then, instead of reinvesting that margin in a prototype for your own intellectual property on a AAA console platform, create a finished game for the console download market or for the web.

This has three advantages:

- You have a finished game that is published and generating revenues, not an idea that you then have to hawk around to global publishers, many of whom may not even be in a position to finance your game.
- You have learned heaps about what it takes to be a publisher, which stands in good stead for the future.
- You haven't had to give up your IP to the publishing which is financing the project (in the end, the lion's share of the reward generally goes to those who take the highest risk, which in this case would be the publisher.)

Of course, not all developers have sufficient profit margin to reinvest in a game (although with a Facebook game costing less than £100,000, most companies do.) A start-up may have no money at all, but since there are hardly any capital costs and the only real investment is time, an

⁷⁷ Speaking at the State of Independence Conference, York, April 2010

entrepreneurial team has the opportunity to work for nothing in the hope of generating real revenue from their first title.

But another way to think of “work-for-hire” is to think of it as “someone else is paying me to learn, make mistakes and improve for my next project”. There are many more sources of revenue than traditional games publishers. Don’t take these as panaceas - each requires specialist knowledge in how to sell into their specific markets. But for companies who develop this expertise, they can be very successful.

ADVERTISERS AND SPONSORS

Brands are increasingly viewing games as a key route to reaching their target markets. It’s not just about getting down with the kids, either. Research from PopCap⁷⁸ shows that 60% of Facebook gamers are age 30-60.

As games continue to steal audience share from television and newspapers, they will increasingly become the only way that brands can reach large numbers of people quickly.

It’s not an easy sell, though. Brands tend to think by territory (typically a country, occasionally by region), not globally. Yet games are, by their nature, global. Even console games, which can be restricted to a single territory for distribution, need to go global, otherwise few brands can justify the development cost.

Brands also think in terms of CPM, Return on Investment, Reach and Engagement, terms with which few developers are familiar (see p. 100 for more details). A company which wishes to generate significant revenue from advertisers will need to hire a sales team that visits advertisers and their agencies regularly (pretty well every day, in fact) and that can speak their language.

See *The eight ways to make money from a game: Sponsorship* on p. 64 for details of how companies like Fishlabs and nDreams have built successful business from sponsorship revenues.

⁷⁸ PopCap 2010 Social Gaming Research, available from www.gamesbrief.com/resources

EDUCATION

Games-based learning is big business. To those of us who grew up in a classroom little changed from the Victorian era, sitting in rows staring at a blackboard (now a whiteboard or interactive screen), the use of games as teaching aids might seem frivolous.

“What we’re talking about here is computer games not just as games, but as a whole new form, or platform, of learning - and one that has quite literally unlimited learning potential”

- Lord Puttnam⁷⁹

Derek Robertson is a primary school teacher who believes that games are, in the hands of a good teacher, able “to engage the most uninterested pupils as well as challenge the best”. His most recent success: a term’s worth of teaching around *Guitar Hero*.

Guitar Hero is only the hook to provide relevance and context. Pupils create biographies and press material for imaginary rockstars. They book European tours. They plan routes and itineraries. They make videos for awards ceremonies and make instruments in design classes. *Guitar Hero* helps teachers turn classrooms into engaging and enjoyable learning environments.⁸⁰

As global text book publishers see their paper-based revenues dwindling, they will start looking for ways to replace the lost sales. Again, it’s a different audience with different needs from entertainment publishers, but it is unequivocally a growing market.

GOVERNMENT

Much government work comes under the aegis of advertising, since it is often about getting government messages across to a wide audience, wherever they may be. However, not all projects are focused on generating success in advertising terms.

⁷⁹ <http://www.gamesindustry.biz/articles/lord-puttnam-issues-call-to-action>

⁸⁰ See *Fun, Inc.*, Tom Chatfield, pp 199-206

For example, the European Union has funded a game called *Energities* (www.energities.eu).⁸¹ It was developed by Paladin Studios, primarily to teach children about the challenges facing cities as they try to grow while also limiting their impact on the environment.

NON-GAMES MEDIA COMPANIES

I was being interviewed by a TV producer... and she said, "Where do people find the time?" That was her question. And I just kind of snapped. And I said, "No one who works in TV gets to ask that question. You know where the time comes from. It comes from the cognitive surplus you've been masking for 50 years."

*- Clay Shirky, author of *Here Comes Everybody*⁸²*

This sector is growing every year. TV and film companies, seeing their core markets dwindling, are desperate to find growth markets. They have money and, sometimes, marketing skills, but they have little knowledge of games. Worse, many of them are run by former TV commissioning editors who believe that television (perhaps the greatest waster of human energy ever created) is inherently superior to interactive games.

The wrong-headedness of this belief is a debate for another day, but it means that for developers working with TV and film companies, it's a case of two steps forward, one step back.

"In 2008, MTV in the US realised that around 40% of 20-year-olds were using the internet while watching television"

*- Keith Stuart, *The Guardian*⁸³*

⁸¹ <http://www.energities.eu/project/> explains the background to the project.

⁸² <http://www.shirky.com/hercomeseverybody/2008/04/looking-for-the-mouse.html> Clay Shirky is my favourite thinker on the subject of how the Internet is changing our society. This quote comes from a fabulous piece on how television has been society's greatest time sink, and the emergence of interactivity will unleash a wave of content creation unparalleled in history

⁸³ <http://www.guardian.co.uk/technology/gamesblog/2010/apr/08/doctor-who-adventures-bbc>

Funds is a strange word. There are a number of pots of money put aside to “invest” in games, usually by businesses with their own agenda. Examples include:

- **Mochi Game Developer Fund:** a \$10 million fund that will help promising Flash and social game developers support their games through sponsorship, licensing and publishing deals⁸⁴
- **fbfund:** a \$10m seed fund “focused on enabling innovative and engaging applications on Facebook Platform”⁸⁵
- **The iFund:** a \$200m investment initiative from venerable VCs Kleiner Perkins Caufield & Byers that is “funding market-changing ideas and products that build upon the iPhone, iPod Touch and iPad”⁸⁶
- **4iP:** an UK-only innovation fund “supporting great ideas for websites, games and mobile services which help people improve their lives”⁸⁷
- **Indiefund:** a fund from the indie developers behind games such as *World of Goo* and *Braid* that aims “to support the growth of games as a medium by helping indie developers get financially independent and stay financially independent”⁸⁸

Sony’s Pub Fund

At GDC 2009, Sony announced the Pub Fund and the first title to be released under the scheme, doublesix’s *Burn, Zombie Burn!*

The scheme is not a way of funding development: it’s a way of funding publishing.

In return for exclusivity to the PSN platform, Sony will give developers an advance on their royalties at launch.

The scheme is designed to help the cash flow of independent developers and give them the resources to market their title.

Contact your Sony developer relations manager if you want to find out more.

⁸⁴ <http://www.mochimedia.com/developers/fund.html>

⁸⁵ <http://www.facebook.com/fbFund#!/fbFund?v=info>

⁸⁶ <http://www.kpcb.com/initiatives/ifund/index.html>

⁸⁷ <http://www.4ip.org.uk/guidelines>

⁸⁸ <http://www.indie-fund.com/>

- **Singapore's GAME programme:** Investing S\$20 million to provide “support for concept development all the way to go-to-market strategies... [and] co-investing up to 30 per cent in large-scale, bigger-budget game content projects such as the development of multi-million dollar massively multiplayer online games.”⁸⁹

Every fund is a little different. Mochi's fund is more focused on being a pool of money to support developers and looks unequivocally like a publishing relationship. The iFund is a classic VC fund. The fbFund is somewhere in-between. 4iP fits somewhere else: part public service, part VC, it aims to be disruptive and innovative.

Funds are usually unique. You need to read the small print to see what interests them and apply if you have something to offer them.

⁸⁹ <http://www.mda.gov.sg/NewsAndEvents/PressRelease/2010/Pages/22042010.aspx>

Mochi Game Developer Fund



The Mochi GAME Developer Fund is a \$10 million fund that will help promising Flash and social game developers support their games through sponsorship, licensing and publishing deals.

You can find out more at www.mochimedia.com/fund

Why we're doing it

- We've spoken with many developers who want to develop MochiCoins-enabled games that we think would be awesome, but have come short of taking the dive due to concerns of market acceptance, overall riskiness or just plain lack of resources (as opposed to doing the "sure thing" tried and true game). The Fund is meant to bridge this gap - to help developers make the decision to build that MochiCoins game and see its successes (or shortcomings), but to at least try and to be willing to try again and again in the future to get it right.
- We want help propel Flash and social games development to a new level; we want to see truly great games come from this fund - games that can be considered "aspirational" in their depth of gameplay and polish. When people play these games, they will play it for days trying to beat it, want to share their accomplishments with their friends and will always respond "when is the next game coming out???". We may not always succeed here, but that's at least what we'd consider money well invested. :)
- We want to fund games that can be showpieces for the integration of MochiCoins and MochiSocial - it will in turn help us refine, improve and evolve our own products as well as make more money for all of us.

What we're looking for

- Games or game ideas with deep, immersive gameplay and polish
- Individuals or teams that want to engage with the Mochi crew early in the development process and exchange ideas about how to improve and polish the game
- Games that have significant monetization potential via MochiCoins - these are games that have a well thought out plan for creating "points of need" within users that drive them to transact
- Games that can be well adapted for the MochiSocial platform - the gameplay should be well suited to friends sharing, notifications and gifting
- Games that have not yet been released, sponsored or published

How we will work with you

- We will work with you to refine your idea and agree on what we both envision as the final game
- We will work with you to determine a fair sponsorship or publishing value for your game(s)
- We will determine a general framework of milestones or timelines for the completion of the game
- As necessary, we will leverage Shanda's immense resources to provide input, tuning and QA for your game (in addition to our own efforts)
- We will promote your game upon your release and do everything we can to maximize its monetization potential

GOVERNMENT

Government has a range of different reasons for subsidising games development. The primary focus is job creation (and hence generating tax revenues in the future), but other reasons include supporting research and development and helping build clusters of expertise in certain regions.

I am based in the UK, which means that my specific recommendations are based on British regulations, but many of the comments apply globally.

GRANTS

There are grants available at many levels to companies. Specific examples include:

- British company Monumental raising £300,000 from the Technology Strategy Board to develop and commercialise their Monumental Technology Suite⁹⁰
- Animazoo raising £1.35 million also from the Technology Strategy Board to develop an advanced motion capture suit for consumer use⁹¹
- Northern Irish firm Dark Water securing funding from the Department of Trade, Enterprise and Industry for its first title, *Dogfighter*⁹²
- Dutch company Paladin Studios raising over €1 million from the EU to develop *Energities*, a game aimed at improving awareness of climate change issues⁹³
- Hothead Games receiving \$536,069 from Telefilm, the federal cultural industry agency of Canada, to part-fund *DeathSpank*, the latest project from *Monkey Island* creator, Ron Gilbert⁹⁴
- Former Free Radical directors Steve Ellis and David Doak receiving £50,000 from the East Midlands Development Agency to create Facebook game *GangstaPets*⁹⁵

The grants can be aimed to stimulate regional investment, to encourage early-stage research and development or to achieve specific policy objectives. The best place to start may be your local Business Link, games development body or screen agency.

⁹⁰ <http://www.develop-online.net/news/30553/Monumental-nabs-nearly-300000-from-Technology-Strategy-Board>

⁹¹ http://www.theargus.co.uk/news/business/businessnewsbusiness/3623213.135m_grant_for_virtual_reality_suit

⁹² <http://www.develop-online.net/features/114/The-10-New-Studios-To-Watch-In-2008>

⁹³ <http://www.paladinstudios.com/cms/energities-1-0-released/>

⁹⁴ http://www.gamasutra.com/php-bin/news_index.php?story=24751

⁹⁵ <http://www.em-media.org.uk/pages/news/article?C50E4423-B5F7-4BFA-96B9-81C3C24FFB11>

The postcode lottery

In the UK, your access to grant funding is likely to depend on your location. There are nine screen agencies in England plus one each for Northern Ireland, Scotland and Wales, funded mainly by the Film Council. Some of them have separate games teams. It's all very confusing.

- **EM-Media** (www.em-media.org.uk)
 - Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire, Rutland
- **Film London** (www.filmlondon.org.uk)
 - Greater London
- **Northern Film and Media** (www.northernmedia.org)
 - Durham, Teeside, Tyne & Wear, Northumberland
 - Codeworks GameHorizon provides specific support for games companies in the North-East, and may help you unlock funding for your games projects (www.gamehorizon.net)
- **North West Vision and Media** (www.northwestvision.co.uk)
 - Cumbria, Cheshire, Greater Manchester, Lancashire, Merseyside
 - No specific games agency, but information available at www.visionandmedia.co.uk/Content/Sectors/Games.aspx
- **Screen East** (www.screeneast.co.uk)
 - Bedfordshire, Essex, Cambridgeshire, Hertfordshire, Norfolk, Suffolk
- **Screen South** (www.screensouth.org)
 - Berkshire, Buckinghamshire, Oxfordshire, Hampshire, Isle of Wight, Kent, Surrey, Sussex, Channel Islands
- **Screen West Midlands**(www.screenwm.co.uk)
 - Herefordshire, Shropshire, Warwickshire, Staffordshire, West Midlands, Worcestershire
 - GameCentral WM is the West Midlands regional games network, supported by Screen West Midlands (www.gamecentral.org.uk)
- **South West Screen** (www.swscreen.co.uk)
 - Cornwall, Devon, Dorset, Gloucestershire, Somerset, Wiltshire
- **Screen Yorkshire** (www.screenyorkshire.co.uk)
 - Yorkshire, Humberside
 - GameRepublic is part of Screen Yorkshire and aimed exclusively at games. It offers networking opportunities and also specific funding for games projects (www.screenyorkshire.co.uk/gamerepublic)
- **Northern Ireland Screen** (www.northernirelandscreen.co.uk)
 - Northern Ireland
- **Scottish Screen** (www.scottishscreen.com)
 - Scotland
- **Film Agency for Wales** (www.filmagencywales.com)
 - Wales

Like so many government initiatives, working with these groups often requires substantial form-filling and hoop-jumping. They are certainly worth getting to know for networking, events and access to other regional skills.

TAX CREDITS

Tax credits have become a thorny issue for the games industry in many countries, particularly since Canada has started offering incredibly attractive tax breaks to games developers. Coinciding with a global recession and a decline in boxed product sales, the clamour for tax credits has become very loud, particularly in the UK.

Tax breaks come in four broad areas:

- Schemes to encourage investment in startups
- Industry-specific tax breaks (in Europe, these need to meet a “cultural test” to satisfy EU competition rules)
- Region-specific tax breaks, which may or may not be industry related
- Research and development tax breaks

START-UP INVESTMENT SCHEMES

In the UK, the government offers tax relief for investment in early stage companies through the Enterprise Investment Scheme (EIS).

“The EIS is designed to help smaller higher-risk trading companies to raise finance by offering a range of tax reliefs to investors who purchase new shares in those companies.”

- HMRC Guidance on the Enterprise Investment Scheme⁹⁶

Companies have to be small (<£7 million in assets and 50 staff), not a subsidiary, unquoted, and carrying out a “qualifying trade.” Making games counts.

The company can raise a maximum of £2 million and has to spend it within two years.

The shares must be ordinary shares, which is great for an entrepreneur: it means that there are no funny preferences or dividends negotiated by the investors.

⁹⁶ <http://www.hmrc.gov.uk/eis/index.htm>

Investors (and this is only open to individuals) receive income tax relief on the investment. They can reduce their tax liability by 20% of the amount invested: if they invest the maximum of £500,000, they reduce their income tax bill by £100,000. And if the company is successful, there will be no capital gains tax.

Before you get too excited, these breaks are not available to existing owners or employees of companies. The EIS scheme is designed to promote new investment, not reduce the tax burden on existing companies.

It is a good scheme, although it does bring with it some paperwork headaches. I'm also seeing companies looking at whether they can finance slates of games, not just individual developers, under the EIS scheme, although that will need to be carefully structured to ensure that it satisfies the "qualifying trade" requirement.

Talk to your accountant or visit www.hmrc.gov.uk/eis for more information.

If you are not British, similar schemes exist in many jurisdictions. Your accountant or government business advisor can help.

INDUSTRY SPECIFIC TAX BREAKS

Games industry body TIGA has persuaded all three major UK political parties to give backing (some more tentative than others) to a tax break aimed specifically at the games industry and intended to counter the drain of talent to countries such as Canada where tax breaks are extremely generous.⁹⁷

"Video games would need to pass a cultural test, scoring against criteria of European heritage and game locations, languages, innovation, narrative, and location of development and key development staff."

- TIGA's Campaign For Games Tax Relief for UK Developers⁹⁸

⁹⁷ <http://tiga.org/Policy-and-Public-Affairs.aspx>

⁹⁸ <http://www.tiga.org/Policy-and-Public-Affairs.aspx>

France has had a tax break for games since 2008.⁹⁹ Originally, developers could only claim for work done up until the game was launched, which worked well for product-style games but was not attractive for online games where most of the development work happens after the game has launched. The French government has now changed the rules and the tax credits can be claimed for up to 36 months after the project is approved.¹⁰⁰

REGION-SPECIFIC TAX BREAKS

Everyone in the games industry seems to be aware of the Canadian tax breaks. Several of the country's provinces are vying to draw development talent from other countries (or even each other) with tax incentives which can make a huge difference to a development budget. As the chart below shows, some of these credits are extremely generous.

Figure 24: Canadian tax breaks, courtesy of [Nordicity](#)¹⁰¹



⁹⁹ www.develop-online.net/news/29895/French-games-production-tax-credit-goes-live

¹⁰⁰ www.afjv.com/press1004/100421_credit_dimpots_jeux_video.php

¹⁰¹ www.nordicity.com

"You've got Canada which offers a 37.5% salary rebate for people programming video games. Add to that a 40% R&D tax credit and it becomes a very attractive proposition to a company like Eidos"

- Ian Livingstone, Life President, Eidos¹⁰²

In the US, there are grants at the state level. For example, Connecticut offers a Digital Media and Motion Picture Tax Credit for "producing any type of entertainment content... including motion pictures, documentaries, television series, music videos, commercials, mini-series, video games and other productions."¹⁰³

Most interestingly for game developers, this tax credit can be sold on. So if you need the cash flow (and who doesn't?), you can immediately sell your tax credit certificate to anyone - an insurance company, a multinational corporation or a local car dealer - who has a tax bill it would like to reduce. That's a great bonus for cash-strapped developers.

There are also game tax breaks in Georgia¹⁰⁴, Florida¹⁰⁵ and Texas¹⁰⁶. If you know of any others, let me know so I can update future editions of the book.

R&D TAX CREDITS

R&D tax credits are common in many tax regimes, and are definitely offered in the US, Canada, France, the Netherlands and the UK.

Generally, they involve offsetting "eligible" R&D expenditure against your taxable profits. The amount of that expenditure is deducted from your profits for the purposes of calculating your tax bill.

¹⁰² www.computerweekly.com/Articles/2008/07/01/231297/gaming-suffering-skills-shortage-says-ian-livingstone.htm

¹⁰³ www.ct.gov/eecd/cwp/view.asp?a=3880&q=454828

¹⁰⁴ www.kotaku.com/391198/georgia-pretties-itself-up-for-game-developers

¹⁰⁵ www.gamasutra.com/view/news/28031/Florida_House_Unanimously_Passes_Game_Tax_Breaks.php

¹⁰⁶ www.gamepolitics.com/2009/04/23/texas-guv-puts-secession-plans-hold-signs-game-biz-tax-break

So if you had £1.5 million in profit, paying 21% in corporation tax, your tax bill would be £315,000. If you spent £500,000 on R&D, under UK rules you would be eligible to claim 175% of that against your taxable profits. Your new taxable profit would be £1.5 million - £875,000 = £625,000. Your tax bill would be £131,250, a saving of £183,750.

If you spent £1 million on R&D in the example above, you would pay no corporation tax at all.

Her Majesty's Revenue and Customs (HMRC) appears to have been encouraged to help the games industry access R&D tax credits. These credits help companies reduce their corporation tax bills when they are embarking on research and development. If a company is loss-making, R&D tax credits are less valuable, although they can still be used to reduce PAYE bills.

R&D may conjure up a vision of men in white coats pouring viscous liquids into Liebig condensers, but it doesn't have to be pure research. A recent analysis of UK claim found that the claims were for:

- Pure research: 500 claims
- Applied research: 1,000 claims
- Development: 4,000 claims

Arcane rules

Tax credits are complex and frustratingly arbitrary, but can be an important part of a self-publishing developer's funding.

Game-specific tax breaks in the EU have to satisfy a "cultural" test. That is how the French justified their tax breaks to the EU, and TIGA has got broad support to do the same for UK breaks.

R&D tax credits are designed to help companies invest in original research and development. In the UK, HMRC has a target of 2.5% of GDP to be invested in R&D by 2014, which means they have an incentive to help you to claim eligible expenditure.

The key test (in the UK at least) for eligible expenditure is whether it satisfies all three of these criteria:

- *Are you seeking a scientific or technological breakthrough?*
- *Is there uncertainty?*
- *Did you take a systematic approach (i.e. you didn't just discover penicillin by accident)*

You can get up to 175% of qualifying expenditure to offset against taxable profits. If you are loss-making, you could even get a cheque from HMRC. Note that your project does not have to have been successful to qualify for relief. In fact, being unsuccessful would satisfy the "uncertainty" criterion.

Contact your accountant or a specialist tax credit firm like Alma Consulting Group (www.almacg.com).

They don't even always need to be "new" knowledge. It may be enough for the knowledge to be new to you. In the UK, if it satisfies the three key criteria (see *Arcane Rules* on p. 170), it is likely to be eligible.

TAX CREDIT SUMMARY

Tax breaks are often very specific to your own particular situation. It's hard to give specific advice. Talk to other small developers (or media companies - many of these breaks are for "media" or "digital media") in your region. Ask your accountant. Talk to your local Chamber of Commerce or other business organisation. There are quite a lot of tax breaks to be had if you look hard.

But always remember that tax breaks should be a bonus to how you run your business, not a driver. If you start organising your business around tax breaks, not around markets, or customers, or products, you will become dependent on state aid, not supported by it.

Lessons learned 12: Paul Farley, TAG Games



Paul Farley is the CEO of mobile developer and publisher TAG Games.

He played a key role in the development of the *Grand Theft Auto* series at DMA Design and *State of Emergency* at Vis Entertainment. He joined I-play in 2000 as Head of Design before founding TAG in 2006.

TAG Games has self-published [Car Jack Streets](#) and [Astro Ranch](#) on iPhone.

What's been the best thing about self-publishing your game?

There are so many positives from moving into self-publishing it's almost impossible to select one. If pushed I would say being in a position to have a direct relationship with your end user is the best.

It allows us to bring the players of the game much closer to the creative process. Our players have been involved in suggesting and even creating content for updates and sequels. They have a closeness and sense of ownership with our games as they feel, quite rightly, they are part of the development team. As a side effect, they become the strongest promoters and evangelists for our games.

Having that direct relationship is important in marketing your other products to your target market. Previously this was a relationship that the game publisher would have held, now much of that value can be transferred to the content creator!

What's been the worst thing?

The biggest challenge is operating as a publisher, but without the scale and capital required to take a portfolio approach to product investment. The only way we've been able to cross this barrier is to ensure that the company can survive total failure of all our self-published titles. We do this by having a mix of revenue streams and finding ways to supplement working capital investment in self-publishing through private and public funding.

What would you do differently if you did it again?

We would have adopted the 'free to play' model much earlier and been more confident about integrating the monetisation model into the game design from day one.

What advice would you give someone thinking about self-publishing for the first time?

Speak to as many companies that are doing it as possible. You need to build up a realistic set of expectations of what can be achieved and the cost of those achievements. Just because you can self-publish doesn't mean you should! If your passion is making games and you have no interest in marketing games or dealing with large amounts of administration then self-publishing is probably not right for you. However, if you get just as big a kick from making that funding deal as you do releasing a new game, then perhaps you have what it takes to make a success out of self-publishing. It's as much a question of attitude as skills.

You can find out more about Tag Games at www.tag-games.com.

BANKS

A bank is a place where they lend you an umbrella in fair weather and ask for it back when it begins to rain.

- Robert Frost, poet

Banks are not an easy source of finance. The risky nature of games development makes it very hard for anyone to lend to the industry. On the other hand, they are accessible and can help with the inevitable cash flow hiccups of development.

You will need a detailed business plan. Remember that banks don't fund projects; they lend against predictable revenues. It's no good showing them the big contract that will pay off big in six months time. They want to see a steady trickle of income. (In this they are totally different to equity investors - you will need to start learning how all "financiers" are not the same).

How might you get money from a bank then?

OVERDRAFTS

In this current climate, banks do not want to make unsecured loans. They have too many shaky debts on the books as it is. Unfortunately, few technology companies have any assets that the bank will accept as security.

In my experience, it is close to impossible to get an overdraft of a size that would make a difference to developer's cash flow without providing the security of the homes of the directors. Whether this seems like a good idea is, of course, up to you.

INVOICE FINANCING

I have started to see examples of banks being prepared to offer overdrafts on the basis of invoice financing. Basically, if you have regular cash flow coming in, the bank will advance you a percentage of that cash flow as an overdraft.

They normally look backwards, though - so it's how much money do you have outstanding on a three month rolling basis. Let's say that you have money coming in from Sony or Apple for sales you've made on PSN or iPhone that total £200,000. The bank might lend you 20-30% of that as an overdraft.

Which is only around £50,000.

It's not a lot of money but it is something. But before you all get very excited, there is a big caveat. Large amounts of money coming in from a single publisher based on a development contract or royalties doesn't count. Banks have been burned too often by publishers not paying up, or developers being too optimistic over what is due. They will be much more likely to lend against a regular, predictable stream of revenues from game sales than against a single contract.

ENTERPRISE GUARANTEE SCHEME

In the UK, banks can get additional comfort from the Enterprise Finance Guarantee, which provides government backing for 75% of the value of the loan. Unlike previous schemes, lenders are not allowed to take security over your home for the remaining 25% (although they can ask for a personal unsecured guarantee).

The question of whether or not lend still remains with the banks, irrespective of the Enterprise Guarantee Scheme.¹⁰⁷

VENTURE CAPITAL AND PRIVATE EQUITY

As a former investment banker who has worked on any number of deals and who has advised several financial institutions on their games strategy in the past two years, it might seem strange that I am not advocating venture capital or private equity as the preferred route of capital raising. In part, it is due to the lower financing needs of many games companies these days, but it is also due to a desire to match entrepreneurs' capital requirements with venture capitalists' objectives. And it is surprising how hard that can be.

Let's start with a basic primer on the different stages of a start-up's life cycle, from the point of view of the investor.

¹⁰⁷ <http://www.berr.gov.uk/Policies/enterprise-and-business-support/access-to-finance/enterprise-finance-guarantee>

SEED INVESTMENT

Seed investment is for angels and very early stage investors. It is typically less than £500,000, and may be as low as £50,000.

At this stage, a company that will get funding will have a great team (at least one or two people who are backable due to track record, specific expertise or, very rarely, a blinding idea) and a market that is interesting. They will often not have a product (particularly in the Internet space) but will have a clear idea of the kind of thing they will build with the money.

At this stage, a formal business plan with three year projections is not very useful, although you will probably have to create one anyway. It is a helpful exercise in forcing you to codify your thoughts on the future plans for the company, but the one truth about it is that you will deviate from it.

But a good angel or seed investor will be much more focused on the key metrics that will determine whether your business will succeed or fail. For example, they may not care whether you make £1 million profit in year three or £3 million (because the one thing we all know about a start-up is that it won't follow its business plan), but they will care, passionately, about how you will ensure that your customer acquisition cost is less than the lifetime value of your customer, or whether you have finances to fund at least two iterations of your product, or some other metric that is at the core of your business.

"The life of any startup can be divided into two parts: before product/market fit (call this "BPMF") and after product/market fit ("APMF").

When you are BPMF, focus obsessively on getting to product/market fit.

- Marc Andreessen in his blog, 2007¹⁰⁸

The purpose of seed funding is to help the company develop a product to fit its market niche. It may go through a couple of radically different iterations as the entrepreneur discovers what customers

¹⁰⁸ This is an incredibly important post for any entrepreneur. I can't recommend it highly enough

<http://web.archive.org/web/20070701074943/http://blog.pmarca.com/2007/06/the-pmarca-gu-2.html>

really want. As the business starts to understand what products work in the market, it might be time for the next round.

SERIES A

The amount raised in a series A is falling, particularly for Internet and online companies. As so many services can be outsourced, bought in where necessary or hosted in the cloud and scaled according to demand, the need for upfront capital is correspondingly reduced.

Series A can be anywhere from £500,000 to £3 million. Its purpose is to take an existing product, team and market niche and tweak them until they are firing on all cylinders. This may involve hiring new staff, adjusting the pricing structure or business model of the core product or adding new features.

The ideal outcome from Series A would be to build a successful, profitable business that can survive on its own. Many founders may, at this point, choose to continue to grow organically over time. But if they want to move faster - much faster - they might raise a Series B round.

Playfish finance case study

Playfish was founded with **seed investment** on a simple premise: that people were increasingly spending time on social networks and that games were simply better when played with your friends.

They experimented with gameplay (by launching several games) and confirmed that consumers did, indeed, want to play with their friends.

They also experimented with business models (see p. 69) and once they were generating revenue they raised approximately **\$4 million in Series A financing** to fine-tune their business model.

It was only once they had established that the virtual goods model was attractive and was going to scale that they raised **\$17 million in Series B**. This enabled them to step on the gas and build Playfish to an estimated \$75 million in revenues in only two years.

In fact, they didn't spend any of the \$17 million investment; virtual goods revenue grew so quickly that they did not need to spend the capital they raised.

But that's not the point. The Series B funds enabled Playfish to commit everything to its business without the fear that they might run out of money. It gave them the freedom to pursue a rapid growth path that culminated barely a year later with a \$400 million acquisition by Electronic Arts.

See <http://www.gamesbrief.com/2009/11/why-eas-acquisition-of-playfish-is-still-a-steal-at-400-million/>

SERIES B

Series B funding is rocket fuel for companies. It may be anything from £5 million upwards, and its purpose is to take the company into the stratosphere.

It's time for Series B when all the stars are in alignment. The core team has executed well so far, the product is successful and the market is clamouring for more. Series B is not about taking risks, or experimentation. It's about taking something that works and scaling it as fast as possible.

This can often be a tricky time for founders. It's when entrepreneurialism gives way to execution, which often means that investors want experienced executives at the helm. It's a time of transition for the company when many of the things that made the company successful in the first place - disruption, innovation, underdog status - may no longer be required.

(Many venture capitalists may disagree with me, and say that companies with £10 million or more of funding can still be innovative and disruptive. That may be true, but a company of that size is likely to have many departments, perhaps spread globally, and can no longer be run just by a single CEO who is on first-name terms with all the staff. Making this change requires professionalisation. If entrepreneurs understand that this is the process that they are going through, they can be better informed about how best to help the company grow, or decide to leave because their work is done.)

HOW TO RAISE MONEY

There is no magic bullet. The number one recommendation is to network. Find local networking groups for businesses. Many regions actively run "entrepreneur" meetings, as do professional advisors such as lawyers and accountants. The website www.meetup.com has meetings of like-minded people (whether that be groups of entrepreneurs, roleplayers or fans of crochet) which can be a very informal way of mixing and mingling.

Few investors are as explicit about their approach as Atomico Partners, but many are much happier to meet people on the strength of a recommendation.

“At Atomico, we believe that real world connections are invaluable; therefore we recommend having a mutual acquaintance connect us before submitting your business plan via email.”

- Atomico Partners website¹⁰⁹

Entrepreneurs are, in my experience, an extremely friendly bunch. They are happy to talk about their experiences, make recommendations (and offer warnings) and even introduce you to advisors or investors they rate. Talking to them is a great way to get a feel for the investment process (and to avoid the feelings of loneliness that can often beset entrepreneurs).

Make sure you have plenty of business cards and a good elevator pitch that explains why your product is different or fulfils a market need (this is much more important than explaining what it does).

Above all, remember to have some fun. Networking is exhausting if you are too earnest, both for you and for your interlocutors. There comes a point in the evening when you should kick back, have a beer and relax. That may even open more doors for you.

You also need to be prepared. If an investor offers a meeting within a couple of days (which would be unlikely), have you got a compelling presentation. Remember that investors are only partially interested in the idea (and the later stage the company is, the less interested in ideas they are). They want to know about the execution (the team, the strategy, the pitfalls and the plans) and the

The cardinal rule

Investors are not interested in your game.

Developers have been trained by decades of pitching to publishers that the game idea is supreme. Have a good game, and the rest will follow.

But that was only true when there was only one route to market and one business model.

Now there are many routes to market and business models, and they're changing all the time.

Investors want to know why your business will be successful, not that you've invented a unique game mechanic.

Sell them your skills at business first. Let the game design come second for a change.

¹⁰⁹ <http://www.atomico.com/contactus.php>

market (How big is it? How competitive is it?
How do you differentiate your offering?)

But beware “death by competitive analysis”. I’ve shamelessly stolen this point from Steve Blank, author of [Four Steps to the Epiphany](#). Steve argues that competitive analysis, which leads to lengthy feature lists, are big company things, driven by a structure that is both risk-averse and marketing-led.¹¹⁰

Your feature list should be about “what are the things that are different that will make customers switch to my product” not “what does everyone else offer, because we’d better offer that too”. By allowing feature lists to dominate, you will create a development process that will stretch a start-up team to breaking and delay your release. And you become vastly more fundable once your product is active (and successful) in the market.

Approaching a VC by email

Most VCs get a lot of email and they have to prioritise emails from portfolio companies and their partners ahead of unsolicited emails from entrepreneurs they don’t know.

Nic Brisbane, partner at DFJ Esprit and author of www.theequitykicker.com has this advice:

- drop the name of a mutual friend in the subject or first couple of lines of the email
- link what you are doing to something I’ve written, done or said - again early in the email
- make a compelling 25-50 word pitch for your company in the first paragraph or two
- make it crystal clear that you are looking for money (or whatever it is you want)

Read the full post at:

www.theequitykicker.com/2010/04/23/approaching-a-vc-by-email

INTERVIEWING THE VC

Remember that raising finance is a two-way process. An entrepreneur seeking funding may think that she is selling, but she is also buying. Ask questions of your investors. Make sure you like them (really, really important that one. If you can’t imagine having a beer - or any drink of your choice - with them, I would think very hard before taking their money). Be convinced that they understand your vision and will support you, even when the going gets tough. Understand how their fund is structured, how many years it has left, if they have time pressure on making investments (or exits), whether you will get access to many of the general partners or only the one who sits on your board.

¹¹⁰ www.steveblank.com/2010/03/01/death-by-analysis/

This is a long term relationship, a marriage if you like. It deserves the same consideration from both parties that any serious relationship does. By asking intelligent questions of the investors, you will demonstrate that you are committed to the process and to getting the best result for your company. This is a good thing.

One last point. Try to get multiple term sheets. If you have options, you have negotiating leverage. Investors know this which is why they often put forward exploding offers, or try to move incredibly fast to leave their rivals behind. Exploit this by maintaining momentum with all parties and aiming to get several term sheets at once. This is easier said than done.

FINANCE CONCLUSION

Raising money for your business is tough. I hope that you've now appreciated quite how different raising money from different sources can be:

- A publisher or fund is generally looking for a **product**
- A lending bank is looking for **a series of reliable cash flows or a valuable asset**
- An equity investor is looking for **a sustainable business model with significant upside**

Each source of funding requires a different approach, and you are likely to need to become proficient at all of them in the course of your self-publishing odyssey.

Keeping Introversion from the Wolves



Mark Morris is a director of Introversion Software.

Founded as “the last of the bedroom coders”, Introversion has seen commercial and critical success with games such as *Darwinia* and *Defcon*.

This post, about the trials of self-financing, originally appeared on Introversion’s blog in July 2009 and appears with permission.

“Success in 2009 is survival.”

I can’t remember who told me that, but it is a quote that I have found myself repeating a number of times this year. I would normally consider it weak leadership to set a goal so menial as simple survival, however it’s been a very rocky few months for Introversion and there are times when one needs to accept the reality of the situation and I think it would be foolish to continue to try to grow the business when we are clinging on to the cliff edge with our fingernails.

How did we end up here?

Introversion is founded on a very strong belief that maintaining creative integrity is the most important aspect of the business and that belief has informed our strategy and shaped our growth. We have avoided work for hire projects and have used the sales revenue from each previous game in order to fund the next. Rather than being paid by a publisher during the development process we have to wait until the game has shipped and whilst this puts a strain on the cash flow during dev, the upside is that we receive a much larger chunk of the sales post launch.

This method works as long as each previous game generates enough cash to complete the next title, but the whole thing goes wrong when a game doesn’t sell as many copies as expected. This happened to us in September last year when we launched *Multiwinia*. We considered this to be Introversion’s fourth major PC title and we expected to continue our upward trend of game sales – each of our other three games had sold more than the previous and we really expected *Multiwinia* to do the same. Sadly that wasn’t the case and we found ourselves in September last year staring at day one sales data and realising that we were going to struggle to make it to the launch of *Darwinia+* on XBLA.

This is quite a scary situation to find yourself in and the temptation is to panic and whilst I’m going to present a rational view of what we did it’s important to note that we suffered an enormous loss of morale and the team very nearly fell apart. When faced with this situation it’s critical that the top team are positive and support each other – if the board members are weeping with their head in their hands talking about the end, then the employees soon pick up on this and things just spiral down. Probably the hardest thing I had to do, but also probably the most important was to stay positive and get the other directors to do the same. In hindsight I think we handled it well, but my advice to anyone in this situation would be to surround themselves with impartial outsiders who can provide the perspective on the situation. It’s very easy to feel swamped and overwhelmed, but strangely things don’t seem so bad when your massive problem is dismissed as a “short term cash-flow issue” by your business advisers.

Practical steps

Keeping morale high is critical, but I also want to describe some of the practical steps that we took to stay afloat.

Firstly, it is important to obtain an accurate view of the problem. We run a monthly cash-flow projection that forecasts our income (from our back catalogue of games and the other revenue generating projects that we run) and our outgoings (wages, rent, tax, project payments etc). At the end of each month is a number. If it is red (negative) we have an issue and if it is black we are fine. The size of the problem is indicated by the size of the number and if it's big and black then everyone gets a bonus.

The problem in September was that it wasn't big and black: it was small and black and it wasn't long before it turned red. The important point was that we knew immediately how long we had before we couldn't afford the wage bill. We also knew how long it would take before the next big cash injection (the launch of Darwinia+ on the Xbox 360), so the challenge was to make the cash last long enough.

So armed with detailed knowledge of the scope of the issue there are only two things that you can do, and you usually need to do both:

1. Increase the cash in
2. Decrease the cash out

Less cash out

We are quite a small organisation and we run pretty efficiently so reducing our spend is pretty tough. We went through the cash flow looking for lines to cut and the biggest related to our old office (a sexy townhouse near Tower Bridge).

This was the first casualty.

Sure we didn't want to move out, but when we rolled up to our new rented office space it turned out to be better – we were now all together in a single room (before we had been spread around the house and never talked to each other) and it meant that we could communicate better and a stronger sense of team emerged.

The second largest outgoing in the cash flow represented the enormous sums that we pay to the British Government each month for the privilege of living and working in this glorious nation. Of course we had taken steps to minimise our tax liability (because we are smart and have a good accountant), but it's also possible to agree terms to defer the tax to the end of the financial year.

So we did exactly that.

It's completely legal and the tax office were surprisingly lenient with us – of course we'll need to pay it back, but we can defer it until after the launch of our next game and that's what's important right now.

The third big cash sink is the most important – salaries. We have a small, highly-motivated efficient team and I'm pleased to say that we didn't need to lose any of the guys. Making people redundant is an important option that needs to be on the table, but I'm pleased to say that we didn't need to push anyone out.

More cash in

We then looked at increasing the flows of cash into the firm. Firstly we redoubled our efforts with *Multiwinia*. We phoned up Valve and as always they helped us out. If you can get on a splash screen on Steam then you see a massive increase in your sales figures. You usually need to drop the price, but often it can be a sensible move. It certainly was for us and in the run-up to Christmas we saw a number of promotions that really helped to bring the money in.

Multiwinia is our newest game, but there are three others that we sell from our store in reasonable numbers every day. Our next big push was to try to increase the number of sales we were making of these games. Our web site is made up of separate sites for each game and the company home page – if we could increase flows between those sites or increase the conversions (number of people who bought from us after visiting one of the pages) we would be much better off. We realized that we were way out of date and doing the e-commerce thing really badly.

We launched a project (codenamed “Glengarry”) to metricate our site with Google Analytics and test two new Uplink sites to see which generated the best results. The project is still running and we haven’t seen massive improvements, but we know a lot more about e-commerce then we did a few months ago and I’m confident that as we keep improving the site our back catalogue sales will continue to improve.

We also wanted to know if we could generate entirely new revenue streams based on our existing project portfolio and with a little networking it soon became apparent that there were a couple of opportunities that we needed to take advantage of.

- Firstly the same government who collects tax from all us serfs also gives it back to techno-serfs who conduct research and development. Remember what I said about Introversion’s Creative Integrity, well the reason we need that is because we like to push the boundaries and do stuff that has never been seen before. Now stuff that hasn’t been seen before = “research and development” so a quick call to the boys at Braithwaites and we’re looking at another chunk of cash coming our way.
- As well as giving back tax on R&D conducted in the past, the government also provides funds to support projects that meet the right criteria and they really dig it when Industry jumps into bed with Academia. Being an ex-Imperial College, London graduate I had maintained links with that hallowed institution and we crafted a proposal based around our Subversion project. An august body known as the Technology Strategy Board granted us funding and away we went.

In September last year I looked at a cash-flow that said that Introversion was out of money by Christmas and a plan for *Darwinia+* that said that we wouldn’t be able to launch until June. It’s now ten months later and I’m looking at a project plan forecasting the launch for September / October and a cash flow that runs out around the same time. It is certainly not the case that we are out of the woods and I’m currently trying to craft a proposal for a bank loan, but I think we’ve done a pretty outstanding job over the last few months.

Thanks to Mark Morris for permission to reproduce this blog post which originally appeared at: <http://forums.introversion.co.uk/introversion/viewtopic.php?t=2085>.

CHAPTER 12: PUTTING IT ALL TOGETHER

“Publishing games is not as challenging as developing them, but that doesn't mean that publishing is easy.”

-Mark Morris, Managing Director, Introversion

Phew, that was a lot to cover.

Maybe I shouldn't have finished on the finance section. In my experience, few developers get really excited by thinking about finance. Let me try to get you excited again.

I expect you picked up this book (or downloaded it) hoping to learn what you needed to know to become a publisher. Publishing is not rocket science and it's not an arcane secret.

It *is* hard work, trial and error and not being afraid of experimentation (and the occasional failure). I'm learning all the time. I expect the process of self-publishing this book to teach me even more. The important thing for me (and for you) is to be out there, publishing my own work, talking to my followers and fans, taking the risks that are necessary in any publishing venture.

I have learned through experience, through working with clients and through the process of devising, writing, marketing and selling this book, how challenging self-publishing can be.

Becoming a publisher is not easy. If it were, we'd all have done it years ago. It takes commitment and self-belief. So far, I've found it incredibly rewarding, and I hope that you will too.

I hope that, having read this book, you feel confident about how to publish your game. I hope that you'll view *How to Publish a Game* as a valuable reference tool. You now understand:

- The eight different ways of **making money from your game**
- How to **choose your business model**, and in particular how the Viral business model requires different skills from the Monetised business model
- How to **use the power of free** to build traffic and revenues

- The ways of getting **your game distributed to consumers**
- The arts of **billing and generating revenue from advertising**
- How to using all the marketing tools at your disposal to feed **the funnel that leads to profits**
- **How to build a website** for a publisher, not a developer
- **Why not to raise money**
- **How to raise money, and where from**

In short, you have the framework to become a publisher yourself. If you follow GAMESbrief (<http://www.gamesbrief.com/subscribe>) , I'll aim to keep giving you the encouragement, the resources and the information that you need to succeed.

Excited? Enthused?

I hope so. There has never been a better time to be an independent developer. Barriers to entry are low. Global distribution is cheap. Entrenched publishers are floundering as they search for ways to transition their monolithic structures into digital distribution businesses.

This period won't last. The market is getting more competitive and barriers to entry - in terms of quality, budget and expertise - are rising.

If you want to become a self-publisher, do it now.

So take the plunge and regain control of your own destiny.

Let me know how you get on.

FEEDBACK

This document is a work-in-progress. New issues and solutions are emerging all of the time.

I welcome feedback, either via email to nicholas@gamesbrief.com or you can comment on the document at www.gamesbrief.com/howtopublishagame

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Many people have been hugely helpful in the preparation of this eBook, ranging from taking the time to write up case studies to providing invaluable feedback.

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And just because you don't get a mention, don't think I'm not grateful. So much of what I do is helped by the generosity of people around me. I am grateful for it, every single time.

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RESOURCES

Visit www.gamesbrief.com/resources for white papers on marketing and SEO, for links to demographic research and for a range of information that I have found useful.

It also has an online, frequently updated, version of the list of useful links below.

USEFUL LINKS

Distribution

Direct2Drive	www.direct2drive.com	IGN's digital download portal for PC games
Facebook	www.facebook.com	The world's leading social network
GamersGate	www.gamersgate.com	Independent digital download portal for PC games
Heyzap	www.heyzap.com	Flash game monetisation and tools network
Kongregate	www.kongregate.com	Flash game distribution site
Metaboli	www.metaboli.com	Streaming and download portal for PC games
Miniclip	www.miniclip.com	Flash game distribution site
Mousebreaker	www.mousebreaker.com	Flash game distribution site
Steam	www.steampowered.com	Valve's dominant PC gaming platform

Hosting

Amazon Web Services	www.amazon.com/aws	
Dreamhost	www.dreamhost.com	Cost-effective web hosting

Marketing

Aweber	www.AWeber.com	Email marketing service
Get Response	www.getresponse.com	Email marketing service
Mail Chimp	www.mailchimp.com	Email marketing service
Website Grader	www.websitegrader.com	Tool to determine the "quality" of your website

Other

Huddle	www.huddle.net	Google Docs meets Facebook
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Professional advisors

Alma Consulting	www.almacg.co.uk	UK R&D tax credit consulting
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Sales - advertising

Ad4Game	www.ad4game.com	Game-centric advertising network
AdSense	www.google.com/adsense	Google's advertising network
Amazon	www.amazon.com/associates	Amazon's US affiliate scheme
Amazon	www.amazon.co.uk/associates	Amazon's UK affiliate scheme
Commission Junction	www.cj.com	Affiliate network
CPMStar	www.cpmstar.com	Ad/virtual currency provider for Flash Games

Intergi	www.intergi.com	Game-centric advertising network
Linkshare	www.linkshare.com	Affiliate network (iTunes)
Mochi Media	hwww.mochimedia.com/	Ad/virtual currency provider for Flash games
Offerpal	www.offerpalmedia.com	Offers and rewards provider
Super Rewards	www.srpoints.com	Offers and rewards provider
TradeDoubler	www.tradedoubler.com	Affiliate networks
TrialPay	www.trialpay.com	Offers and rewards provider
Sales - billing		
Fatfoogoo	www.fatfoogoo.com	Billing provider
Paypal	www.paypal.com	Billing provider
PlaySpan	www.playspan.com	Virtual currency and inventory management
Technology		
Unity3D	www.unity3d.com	Engine for browser and download games
vbulletin	www.vbulletin.com	Forum software
XNA Creators Club	http://creators.xna.com	Microsoft community for XNA developers

NOTES ON LINKS

You may have noticed that some of the hyperlinks in this document are not straightforward links. They contain a tracking code so that I get affiliate commission if you purchase some a book from Amazon or signup for a web game.

I haven't picked the games I discuss based on whether or not they have an affiliate programme. Jagex, for example, does not offer an affiliate programme for RuneScape. But if a company does have an affiliate programme, I have added it.

Why? Several reasons:

- I'm trying to turn my website at *GAMESbrief* into a revenue generator in its own right, not just as a marketing tool for my consultancy and advisory business
- I'm experimenting with different ways of making money on the web (many of which I've used before at GameShadow, ShopSmart and elsewhere). You can't have too much data.
- It's free money, right?

But I believe in being open about it. If you visit Amazon and buy a book on my recommendation, I get a fee (a tiny fee, but a fee nevertheless). I expect to make less than £100 from my affiliates from this book. Affiliates are a terrible business unless you have massive traffic. But we'll see.

But rest assured I don't push stuff just because it has an affiliate programme. That's a quickfire way of losing the trust and respect of your audience. And in my business, that would be the worst thing I could possibly do.

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www.gamesbrief.com, my blog on the business of games

www.steveblank.com, tech entrepreneur turned teacher on running a startup

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- [*Worms*](#), Team 17, 2007, XBLA

IPHONE

- [*Face Fighter*](#), Appy Entertainment
- [*Flaboo*](#), Fluttermind
- [*iShoot*](#), Ethan Nicholas
- [*Pocket God*](#), Bolt Creative
- [*Rolando*](#), ngMoco
- [*Tap Tap Revenge*](#), Tapulous
- [*Tune Runner*](#), Appy Entertainment
- [*Waterslide Extreme*](#), Fishlabs

WEB-BASED

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- [*Moshi Monsters*](#), Mindcandy, www.moshimonsters.com
- [*RuneScape*](#), Jagex, www.runescape.com
- [*Wars*](#), Innogames, www.tribalwars.com

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- [*Pet Society*](#), Playfish/EA
- [*Restaurant City*](#), Playfish/EA
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- [*Who Has the Biggest Brain*](#), Playfish/EA
- [*Word Challenge*](#), Playfish/EA

OTHER

- [*Secret Lewis*](#), nDreams
- [*Xi*](#), nDreams

GLOSSARY

A/B testing	Also known as split-testing, A/B testing involves testing two small changes to your website or game on a live service and measuring which performs better.
Ad Server	A web tool such as OpenX or DoubleClick's DART that intelligently delivers multiple advertising campaigns spread over time.
Affiliate marketing	Affiliates are third-party websites which refer users to your site in return for a payment (on a CPC or more usually a CPA basis). They are often managed through Affiliate Networks such as Commission Junction or TradeDoubler. If you are referring gamers to a site such as Amazon or iTunes that sells your own game, you can register and become an affiliate yourself, generating additional revenue (typically 5-10% of the sales generated) from sending traffic to the site.
App	Currently means an application for smartphones such as the iPhone and Android, as distinct from a web page accessed from a mobile phone.
AppStore	Apple's online store for applications for the iPhone.
ARPU	Average revenue per user. A metric borrowed from the mobile industry, it shows how much the average user spends. Typically a monthly, rather than a yearly, figure. Not to be confused with ARPPU.
ARPPU	Average revenue per PAYING user. Confusion between ARPU and ARPPU is rife. In a free to play game, there may be many millions of users, but only a percentage of them pay. Most games companies quote ARPPU, but many observers multiply ARPPU by total number of users to get revenue. To calculate revenue, they should multiply EITHER ARPPU x number of paying users OR ARPPU x total users x conversion rate.
CAC	Customer Acquisition Cost, also known as CPA.
CANSPAM	The US Act of 2003 that regulates the sending of commercial email in the United States.
Churn	The percentage of customers who leave a service every month/year.
CPA	Cost Per Acquisition/Action. An online advertising model whereby an advertiser pays a publishing website a cash amount every time the website refers a consumer to the advertiser's website and the consumer takes a specified action. It may include filling a form or registering, but the most common is making a cash payment. For example, EVE Online will pay \$7 every time a referred user becomes a subscriber. It is also used by game developers and web publishers as a key metric to understand how much it costs them to acquire a customer from all of their marketing sources.
CPC	Cost Per Click. An online advertising model whereby an advertiser pays a publishing website for each click on a link. Google's AdSense program is based around CPC.
CPI	Cost per Install. An online advertising model, currently mostly confined to the iPhone, where developers/publishers pay a fee for the successful installation of an app.
CPM	Cost per Mille (or Thousand). The primary measure of advertising cost across all media (including television, radio, print and web). It measures that cost per thousand "views" of an advertisement. In an online context, it refers to the cost of a thousand impressions of a single banner.
CPT	Cost per Thousand. See CPM .
DAUs	Daily Active Users.
DLC	Downloadable Content. Generally, I suppose this would mean any content that has been downloaded. In practice, it appears to mean additional content that can be downloaded (whether for free or for a payment) for boxed products. Examples include

	the infamous horse armour for Oblivion or additional content for Burnout Paradise .
eCPM	Effective Cost Per Thousand. A method of comparing a CPC/CPA campaign to a standard CPM campaign. By aggregating the total amount of CPC/CPA revenue and dividing by the number of impressions served, you can calculate the effective CPM.
EIS	Enterprise Investment Scheme, a UK government initiative to encourage investment in early stage businesses. See p. 166.
F2P	Free to play. See Freemium.
Freemium	A business model whereby you give your core game away for free and charge users for premium services or virtual goods.
Free To Play	Also known as F2P. See Freemium.
GaaPy	A “game as a product”. A phrase coined by me, see p. 19.
GaaS	A “game as a service”. A phrase been coined by me, see p. 19.
Geo-targeting	Showing content, usually advertisements, only to people in a specific country.
IP	Intellectual Property. Also stands for Internet Protocol.
Match Three	A game mechanic where players combine three or more similar items to make them disappear. <i>Bejewelled</i> is a classic example of a match three game.
MAUs	Monthly Active Users.
Metacritic	A website that aggregates review scores for games, films and music to give a blended “average” score. The exact algorithm of weighting is not revealed, but Metacritic is a good guide to the general reception of a game.
Meta tag	A meta tag holds data about the content of a web page in the <head> section. Often associated with effective SEO, but no longer as effective as it once was. It is good practice to have good “keyword” and “description” fields, but good quality page design is more important for SEO than playing games with meta tags.
MMO	Massively-multiplayer online game.
PSN	PlayStation Network.
Publishers	In games, “blood-sucking leeches who have no place in the future of digital distribution” (according to David Lau-Kee, see p 21). In web advertising, <i>publishers</i> generally means websites, such that a developer talking to an advertiser about his browser-based game will be referred to as a publisher.
Registered users	An oft-quoted but generally useless metric for online businesses. A successful web business needs active users, and that is best measured by Unique Users.
Remnant	Advertising that is sold for low rates, typically through networks. It is known as “remnant” because advertisers buying from a network don’t know exactly which sites their ads will be displayed on, and so they pay a lower CPM or CPC rate.
Smartphone	Any of the new generation of advanced mobile handsets such as the iPhone, the Palm Pre or the Android operating system.
SEM	Search Engine Marketing. Paying money to appear in the search rankings on sites such as Google, Yahoo and MSN.
SEO	Search Engine Optimisation. The process of driving traffic to your site by ensuring that key search phrases are included in the text of your website.
Triple A	A premium selling title, targeting at least 1 million units.
Unique user (visitor)	A unique user or unique visitor is the standard audience measurement unit on the web. It typically means a unique individual who has visited a website in the last 30 days, counted only once no matter how many times they visited. Some sites use different time frames (2 weeks, 3 months) for their uniques.
XBLA	Xbox Live Arcade.
XBLIG	Xbox Live Indie Games.

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