



Digital Distribution

**How to Deal with the Parts that Suck
and Capitalize on Everything Else**

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Manager & Principal, Fuzbi**

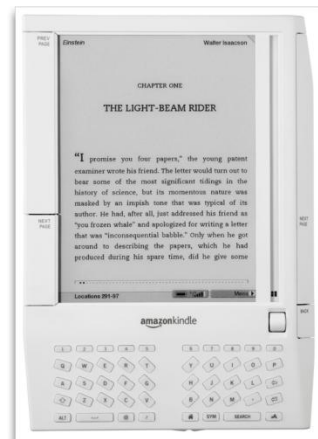


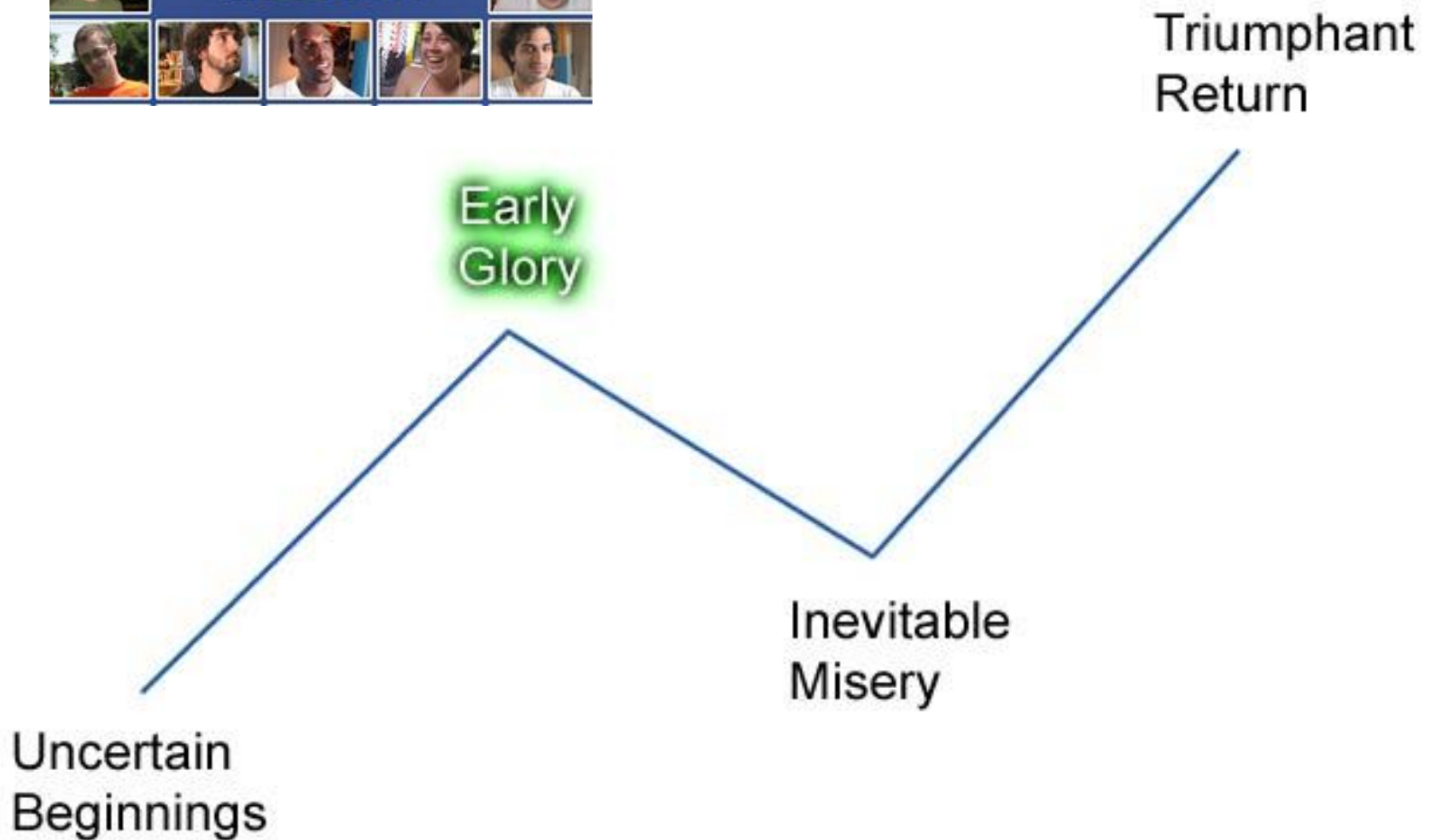
Uncertain
Beginnings

Early
Glory

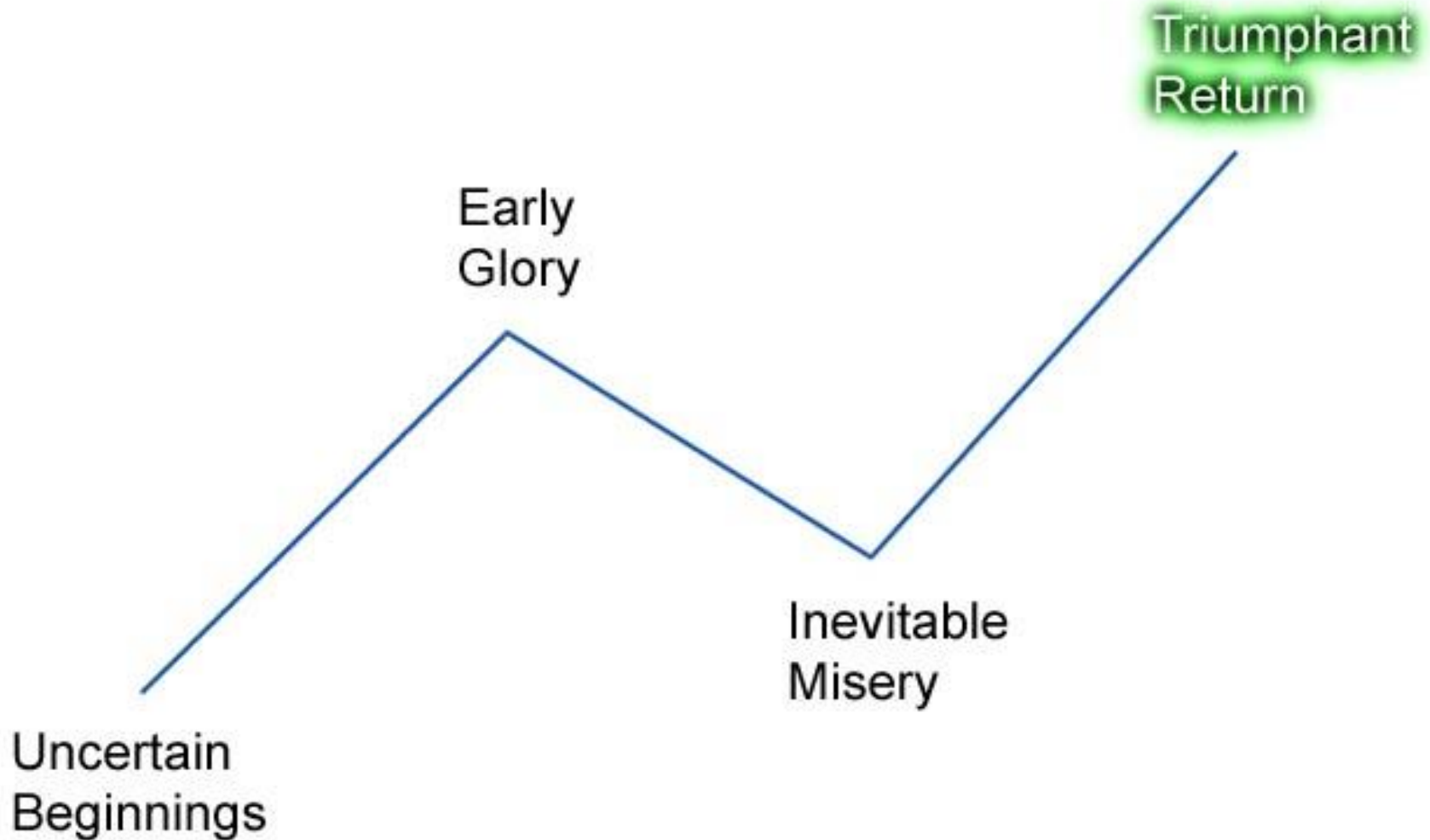
Inevitable
Misery

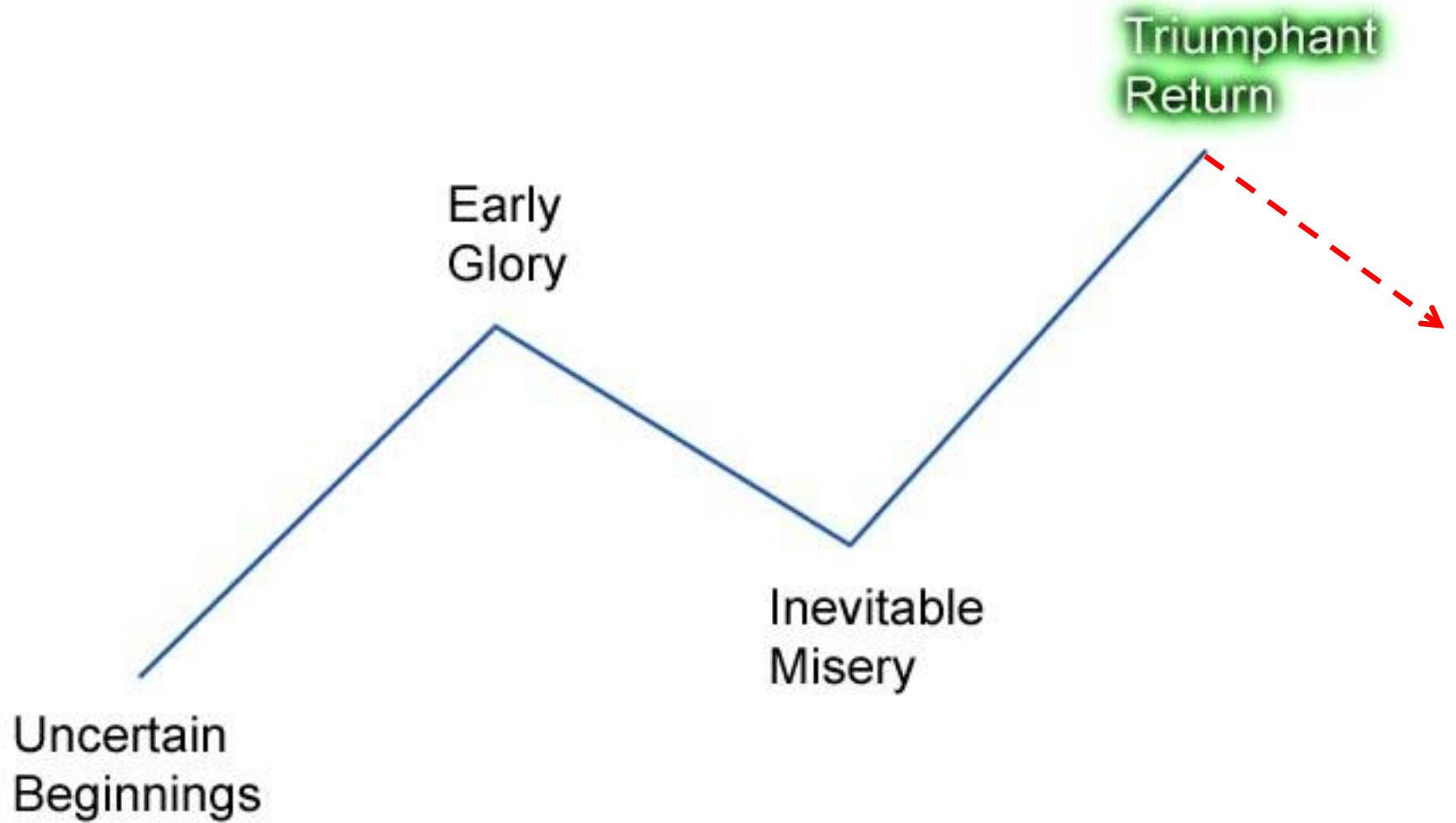
Triumphant
Return

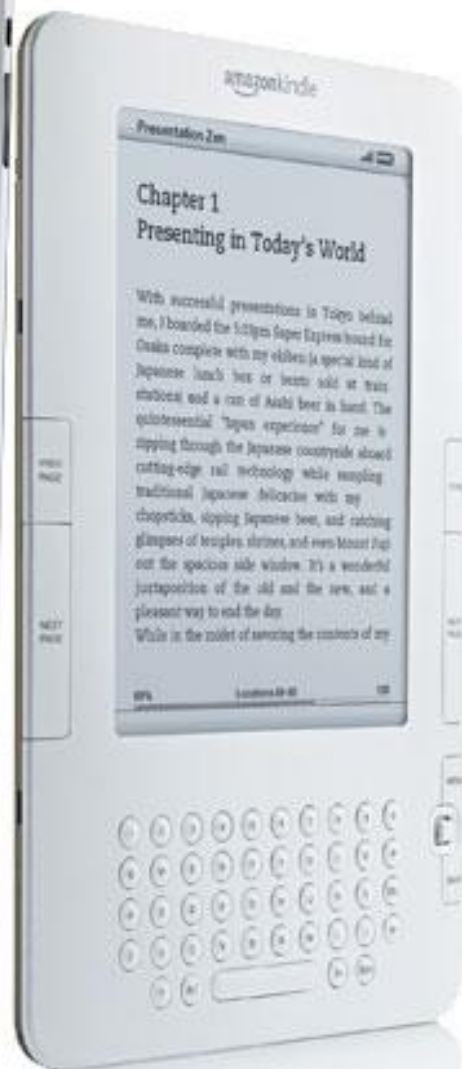




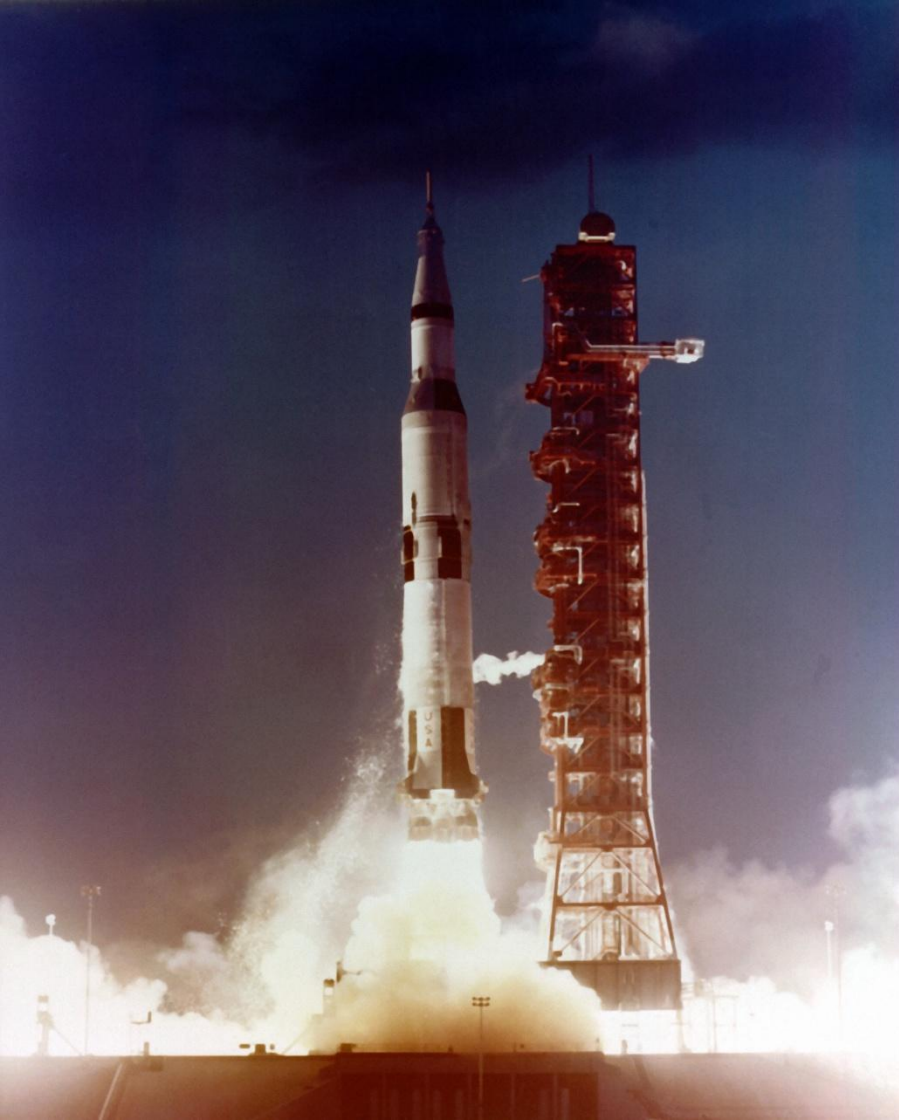








Upsides of Digital Distribution



What's easier: a moon launch or driving a car?

Web page A

50 % traffic

1000 users



Conversion:

10 %

100 sales

Web page B

50 % traffic

1000 users



Conversion:

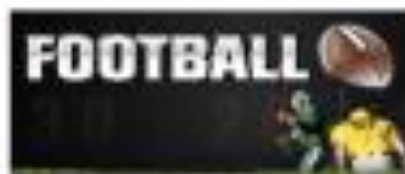
20 %

200 sales

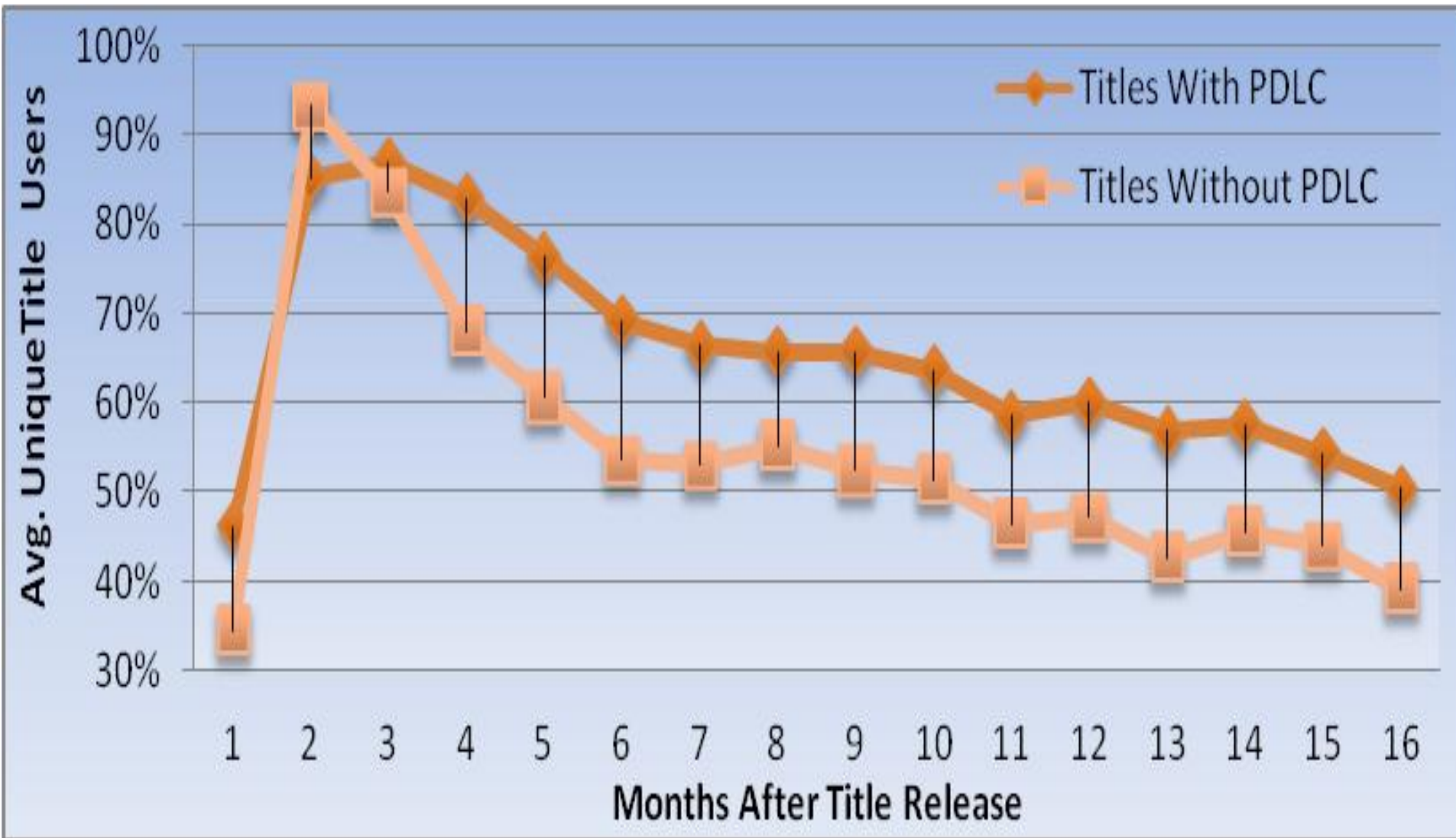
Games on iPhone



Games on Other Networks



PDLC sustains unique users (MSFT)



Downsides of Digital Distribution

Gatekeepers and their Agendas

- Early PSN: must “look next-gen”
- Early XBLA: bite-sized, especially casual/retro
- Early Wiiware: make novel use of the Wiimote

Problem: these agendas change frequently!



A Kingdom for Keflings



Downsides of Digital Distribution:

A brief rant about the “Long Tail”...

Name		Time	Artist		Album	Genre			Price	
I Gotta Feeling	➔	4:49	Black Eyed Peas	➔	The E.N.D. (The E...	Pop	➔		+	\$1.29
He Could Be the One	➔	3:00	Hannah Montana	➔	Hannah Montana ...	Soundtrack	➔		+	\$1.29
Boom Boom Pow	➔	4:11	Black Eyed Peas	➔	The E.N.D. (The E...	Pop	➔		+	\$1.29
Fire Burning	➔	4:03	Sean Kingston	➔	Fire Burning - Single	Hip-Hop/...	➔	🔔	+	\$1.29
Obsessed	➔	4:04	Mariah Carey	➔	Obsessed - Single	Pop	➔		+	\$1.29
Man In the Mirror	➔	5:18	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$0.99
You Belong With Me	➔	3:51	Taylor Swift	➔	Fearless	Country	➔		+	\$1.29
Love Drunk	➔	3:47	Boys Like Girls	➔	Love Drunk - Single	Alternative	➔	🔔	+	\$1.29
LoveGame	➔	3:36	Lady GaGa	➔	The Fame	Pop	➔		+	\$1.29
Best I Ever Had	<div>EXPLICIT</div> ➔	4:19	Drake	➔	Best I Ever Had - ...	Hip-Hop/...	➔		+	\$1.29
New Divide	➔	4:29	Linkin Park	➔	New Divide - Single	Rock	➔	🔔	+	\$1.29
Good Girls Go Bad (feat. Leighton...	➔	3:18	Cobra Starship	➔	Good Girls Go Bad...	Alternative	➔	🔔	+	\$0.99
Billie Jean (Single Version)	➔	4:52	Michael Jackson	➔	The Essential Mich...	Pop	➔		+	\$1.29
Knock You Down	➔	5:26	Keri Hilson, Kanye...	➔	In a Perfect Worl...	R&B/Soul	➔		+	\$1.29
Use Somebody	➔	3:50	Kings of Leon	➔	Only By the Night ...	Alternative	➔		+	\$1.29
I Know You Want Me (Calle Ocho)...	➔	4:26	Pitbull	➔	I Know You Want ...	Hip-Hop/...	➔	🔔	+	\$0.99
Waking Up In Vegas	➔	3:19	Katy Perry	➔	One of the Boys	Pop	➔	🔔	+	\$1.29
Thriller (Single Version)	➔	5:12	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$1.29
Will You Be There (Single Version)	➔	3:40	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$0.99
21 Guns	➔	5:21	Green Day	➔	21st Century Bre...	Alternative	➔	🔔	+	\$1.29
The Way You Make Me Feel (Singl...	➔	4:26	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$0.99
Poker Face	➔	3:57	Lady GaGa	➔	The Fame	Pop	➔		+	\$1.29
Battlefield	➔	4:01	Jordin Sparks	➔	Battlefield - Single	Pop	➔	🔔	+	\$1.29
Halo	➔	4:21	Beyoncé	➔	I Am... Sasha Fier...	Pop	➔	🔔	+	\$1.29
Black or White (Single Version)	➔	3:22	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$0.99
Beat It (Single Version)	➔	4:18	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$1.29
Smooth Criminal	➔	4:17	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$0.99
The Climb	➔	3:56	Miley Cyrus	➔	Hannah Montana:...	Soundtrack	➔		+	\$1.29
Second Chance	➔	3:40	Shinedown	➔	The Sound of Mad...	Rock	➔	🔔	+	\$1.29
Don't Trust Me	<div>EXPLICIT</div> ➔	3:12	3OH!3	➔	Want	Alternative	➔	🔔	+	\$1.29
If Today Was Your Last Day	➔	4:08	Nickelback	➔	Dark Horse	Rock	➔	🔔	+	\$1.29
P.Y.T. (Pretty Young Thing)	➔	3:58	Michael Jackson	➔	The Essential Mich...	Pop	➔	🔔	+	\$1.29
Big Green Tractor	➔	3:24	Jason Aldean	➔	Wide Open	Country	➔	🔔	+	\$0.99
Goodbye	➔	3:20	Kristinia DeBorja	➔	Goodbye - Single	Pop	➔		+	\$1.29

Lee Gomes, WSJ

Image taken: July 11.2009

Amazon.com (2006)

- Derived 75% of its book sales from just 2.7% of titles

Kongregate (July 2009)

- Top 1% of games account for 50% of playtime

Music in general (2008)

- 0.4% of songs generated 80% of revenue

Anita Elberse, HBS (“Should You Invest in the Long Tail”)

- Indies are actually losing share to major labels

Blockbusters tend to score better user ratings than critically-acclaimed but obscure films.

Why is that?



The answer has everything to do with the number of reference points each user has...

The Bright Side,

Aka “where can you extract real revenue from a small population?”

1. FarmVille	30,409,073
2. Café World	9,264,914
3. FishVille	6,476,107
4. Mafia Wars	6,411,723
5. Happy Aquarium	5,992,187
6. Texas HoldEm Poker	5,816,752
7. PetVille	4,767,982
8. Pet Society	4,226,436
9. Restaurant City	3,539,602
10. Bejeweled Blitz	3,099,381
11. Birthday Cards	2,951,061
24. Animal Paradise	1,157,444
41. "Game by Boyaa.com"	515,850
105. MiniPlanet	100,950
163. FV bonus checker	50,173
2228. Backgammon Live!	4

Other issues: multiplayer

Long Tail and Real-Time Multiplayer:

of Players in Ecosystem

divided by

of “active” multiplayer games

often equals

screwed developers and customers

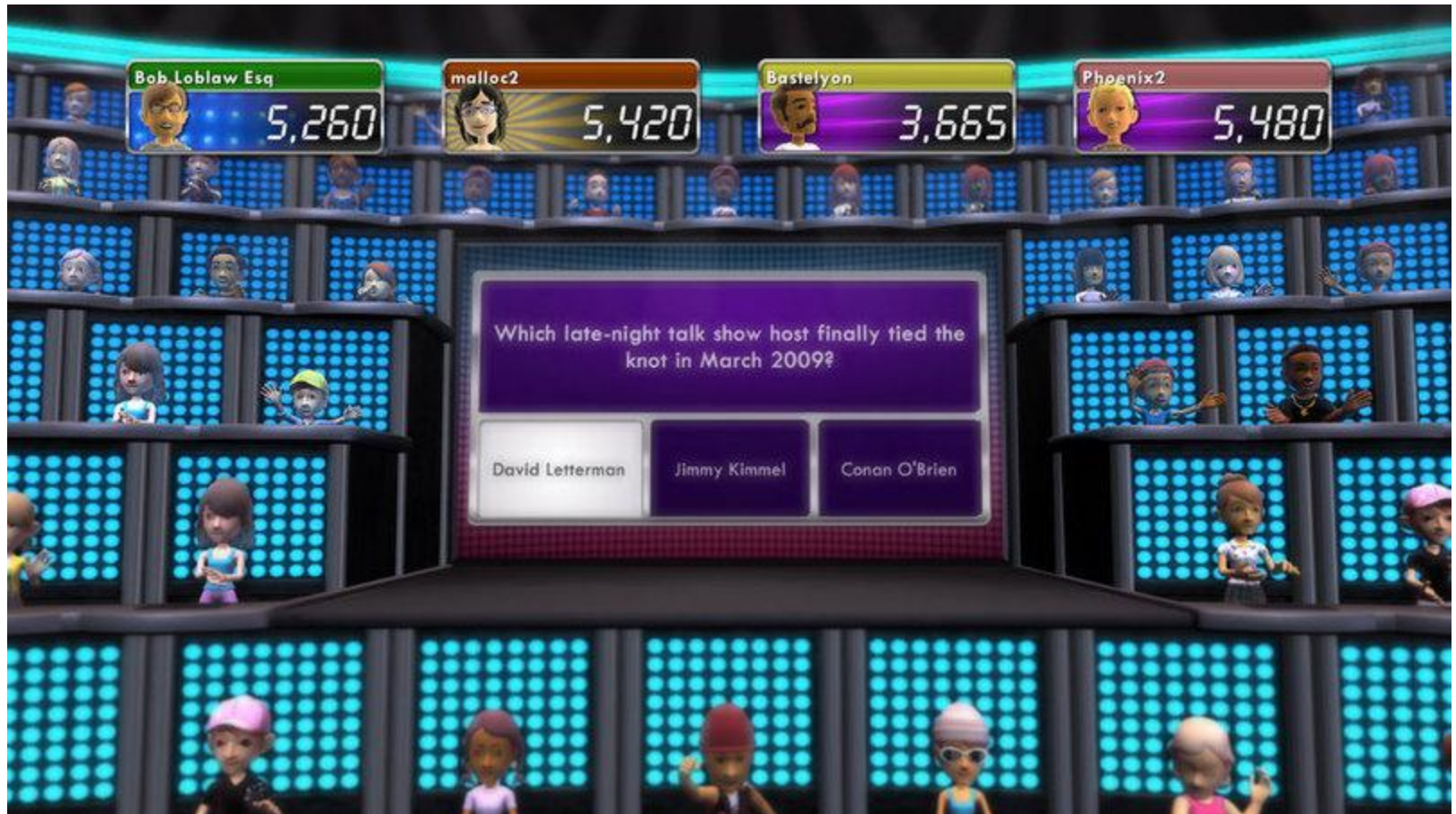
Multiplayer Solutions: Viral Invites / Guest Passes



Multiplayer Solutions: Better Matchmaking



Multiplayer Solutions: Scheduled Game Time



Multiplayer Solutions: Asynchronous Multiplayer

Black to win in 8 moves

White Black

1.d4 Nf6
2.c4 c5
3.Nf3 cxd4
4.Nxd4 e6
5.Nc3 Bb4
6.e3 Ne4
7.Qc2 Nxc3
8.bxc3 Be7
9.Be2 O-O
10.O-O a6
11.f4 d6
12.f5 exf5
13.Nxf5 Bxf5
14.Qxf5 Nd7
15.Bf3 Qc7
16.Rb1 Rab8
17.Bd5 Nf6
18.Ba3 Rfe8
19.Qd3 Nxd5
20.cxd5 b5
21.e4 Bf8
22.Rb4 Re5
23.c4 Rbe8
24.cxb5 axb5
25.Kh1 Qc7
26.Qxb5 Rxe4
27.Rxe4 Qxe4
28.Qd7 Qf4
29.Kg1 Qd4+
30.Kh1



[Screenshots](#) | [Leaderboards](#) | [Community](#)

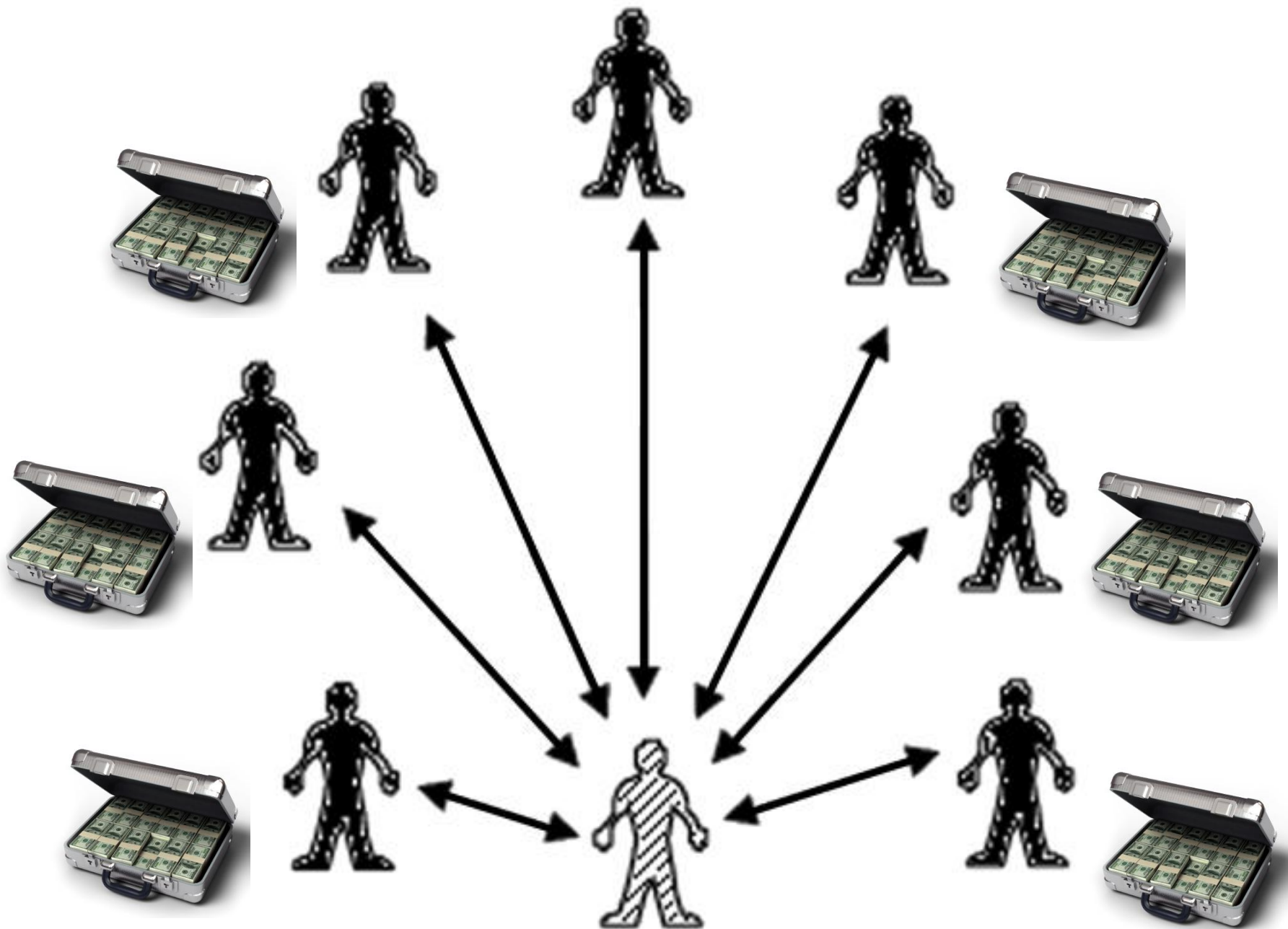
LEADERBOARD Selected: X' All Time

PICK A MODE: X' Weekly X' All Time X Weekly X All Time

RANK	GAMERTAG	RATING	WINS	LOSSES
1	Shadow Blanka	2735	9	0
2	Supra Dave Y2K	2379	12	1
3	fattybuddy00	2266	12	0
4	vGta7o2	2120	7	0
5	MINI2EART	1868	7	0
6	Gamereviewgod	1599	3	1
7	rhein kraft	1247	4	8
8	IH3XI	1203	2	6
9	SomeHellion	1076	1	1
10	wasspat	896	1	0
11	Pharoah 904	790	1	0
12	Sauli123	732	1	1

Other Tips for Success







Microtransaction-based Games

“A very large percentage of loyal customers—often more than 50%—are ***not profitable*** for most companies, because ***their loyalty is driven largely by expectations of great deals.***”

...Profitable customers tend to make up only around 20% of a company’s customers.”

-- Wall Street Journal & MIT Sloan Management Review

Sound familiar?

F2P turns a weakness into a strength!

Thank You!

PS. If you liked this, check out my blog:

<http://www.edery.org>