

AAA to Social Games, Making the Leap

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Game Developers Conference Online

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All data from non-confidential sources publicly available and listed at the end of this presentation



Metaplace

Playdom

Disney

About ~~me~~ (him): John Donham

- 20 years online game development experience
 - Simutronics
 - Distribution: GENie, Prodigy, CompuServe, AOL, internet
 - Programmer and/or Producer: GemStone III, DragonRealms, CyberStrike
 - Sony Online Entertainment
 - Distribution: retail, internet
 - Senior producer: Star Wars Galaxies
 - VP production: Untold Legends, EverQuest 2, and ~17,000 EQ and EQ2 expansions
 - Metaplace
 - Distribution: internet, Facebook
 - Started social games in Dec 2009 My Vineyard, peak of 1.8m MAU
 - Acquired by Playdom July 2010



Why make the switch?

- Why do we make games? Why do you make games?
- *My (his) answers*
 - *Provide entertainment to the largest audiences*
 - *Build new social ties, strengthen existing ones*
 - *Build games for a customer I know very well: myself, my wife, my children*
 - *... as frequently as possible.*



The top 10 lessons ~~I've~~ he learned going from AAA to Social Network games

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10. Console games are niche. Almost all of them.

PlayStation 3 games that have sold or shipped at least one million copies.

- *Call of Duty: Modern Warfare 2* (4.77 million approximately; 3.531 million in the US,^{[25][26][27][28]} 244,578 in Japan,^[119] at least 1 million in UK)^[30]
- *Gran Turismo 5 Prologue* (4.65 million)^[97]
- *Uncharted 2: Among Thieves* (3.5 million)^[120]
- *MotorStorm* (3.31 million)^[121]
- *Metal Gear Solid 4: Guns of the Patriots* (3 million shipped as of December 31, 2009;)^[122] 1.97 million approximately; 1.076 million in the US,^[123] 706,461 in Japan,^[119] 200,000 in UK)^[39]
- *LittleBigPlanet* (3 million)^[124]
- *Final Fantasy XIII* (2.89 million approximately: 1.85 million in Japan, 140,000 in other Asian countries,^[125] 828,200 in US,^[126] 100,000 in UK)^[20]
- *Grand Theft Auto IV* (2.73 million approximately: 1.89 million in US,^[33] 211,240 and 37,306 *The Best* in Japan,^[127] 600,000 in UK)^[36]
- *Uncharted: Drake's Fortune* (2.6 million)^{[128][129]}
- *Resistance: Fall of Man* (2.5 million)^[130]
- *Killzone 2* (2 million)^[131]
- *inFamous* ("nearly" 2 million)^[132]
- *Resident Evil 5* (1.62 million approximately: 585,000 in US,^[133] 520,564 and 258,961 *Gold Edition* in Japan,^[119] 200,000 in UK,^[23] 62,040 in France)^[134]
- *Heavenly Sword* (1.5 million)^[135]
- *Heavy Rain* (1.5 million)^[136]
- *God of War III* (1.46 million approximately; 1.28 million in the US,^{[126][137]} 100,000 in UK,^[20] 88,956 in Japan)^[119]
- *Call of Duty 4: Modern Warfare* (1.455 million approximately; 584,000 in the US,^{[138][139]} 122,019 regular and 149,028 *The Best* in Japan,^[119] 600,000 in UK)^[36]
- *Ratchet & Clank Future: Tools of Destruction* (1.25 million)^[140]
- *MotorStorm: Pacific Rift* (1 million)^[141]
- *Ratchet & Clank Future: A Crack in Time* (1 million)^[142]



10. Console games are niche.

- 20 PS3 games that have sold 1m+ units.
- 219 Facebook titles that have reached 1 million users *in August*.
- There's a slight monetization gap.



9. Your audience

- More than 50% play longer than 30 minutes per session
- 10% are playing more than 3 hours per session
- on average, they are playing more than one session per day
- on average, they are active in more than 1 game
- 43% log into social networks specifically to play games.
- 35% purchase virtual goods at some point
- 90% are playing the same amount or more than they were 3 months ago
- 25% spend more time playing games on social networks than watching TV.

Who are these people?

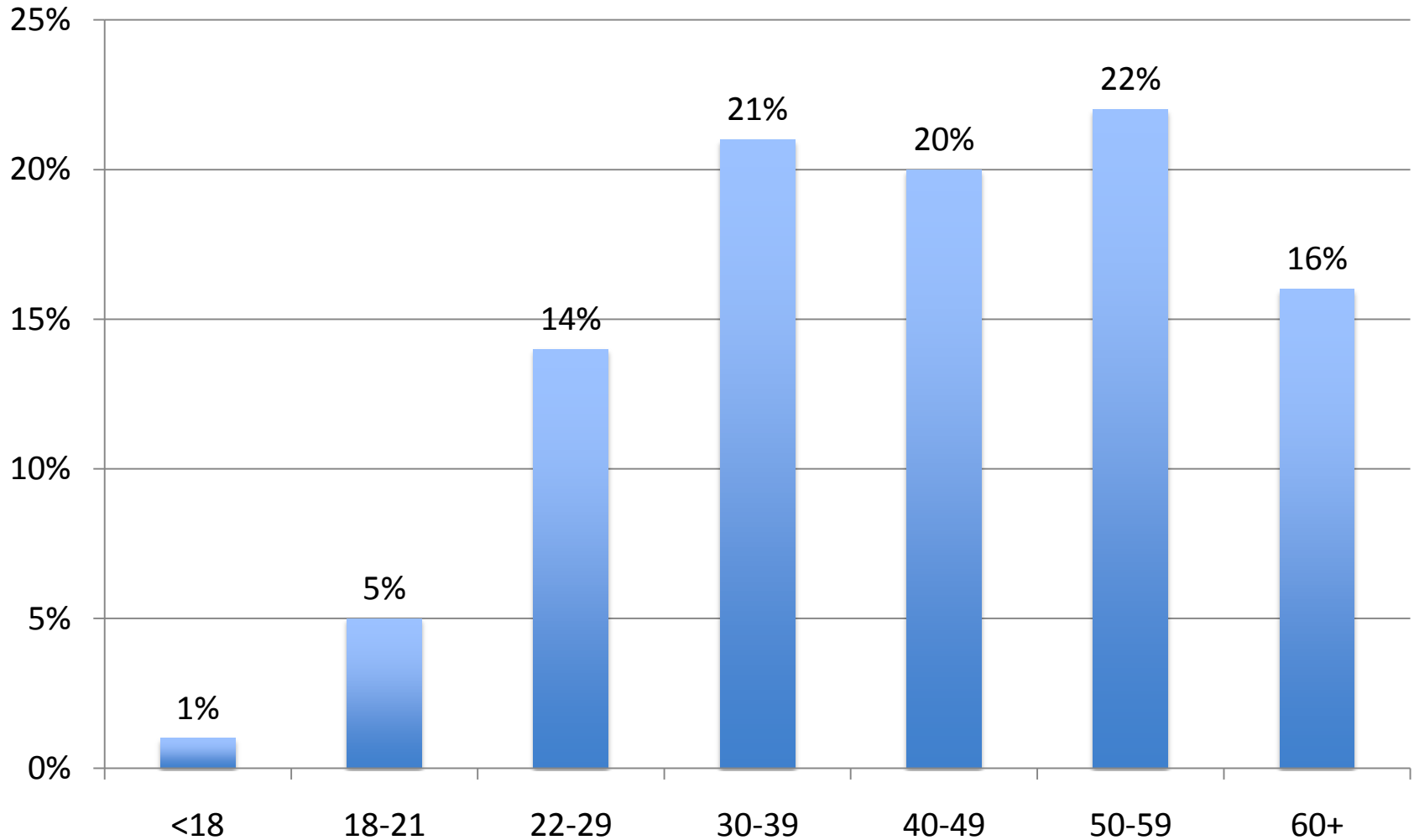
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9. Grandma is a hardcore gamer



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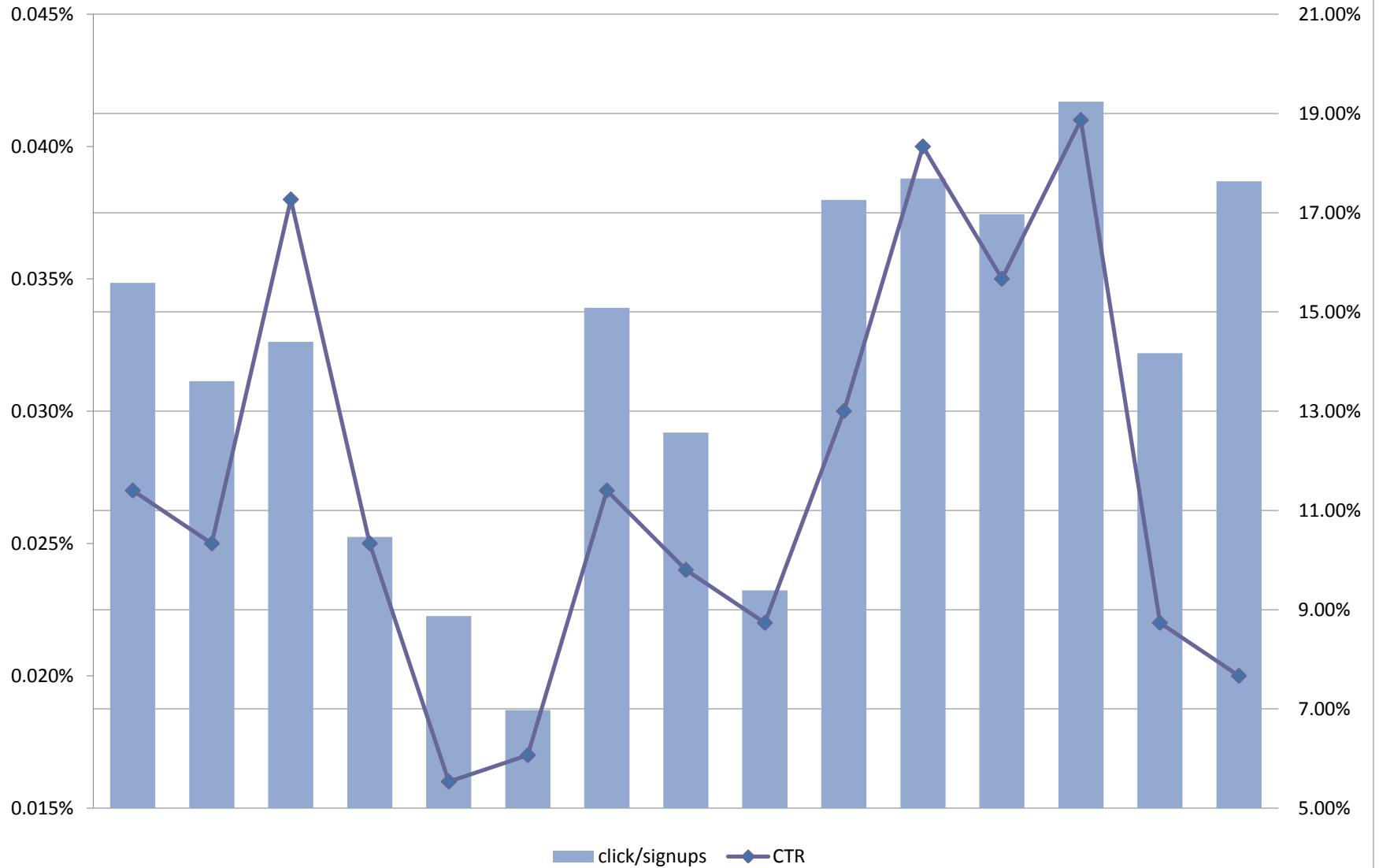


8. Get independent feedback

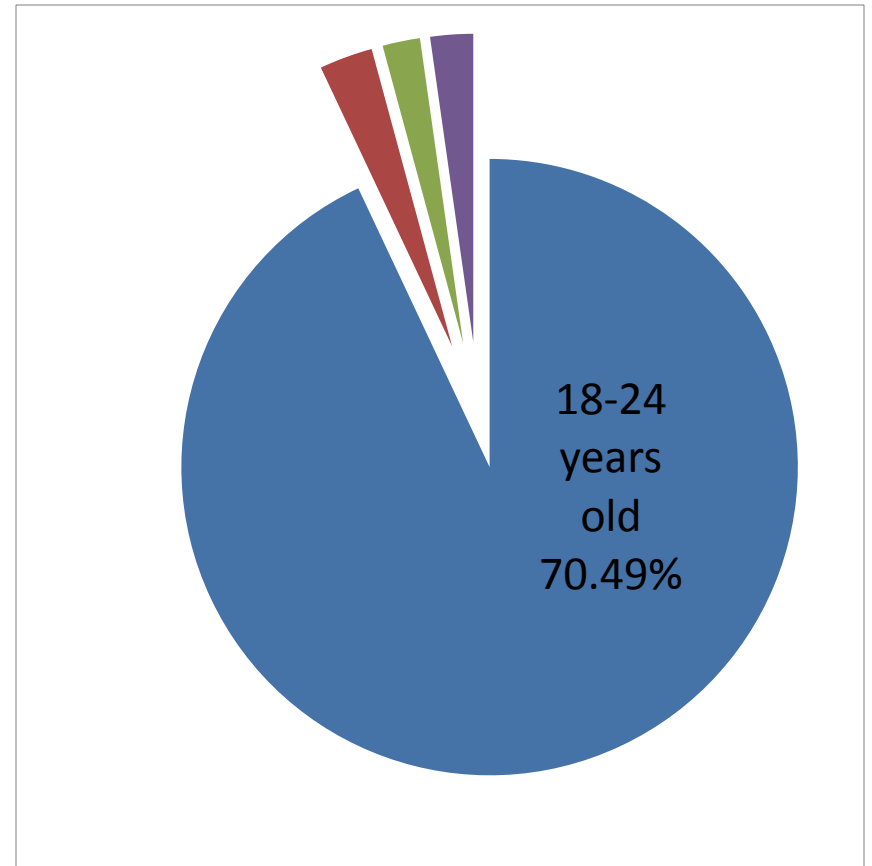
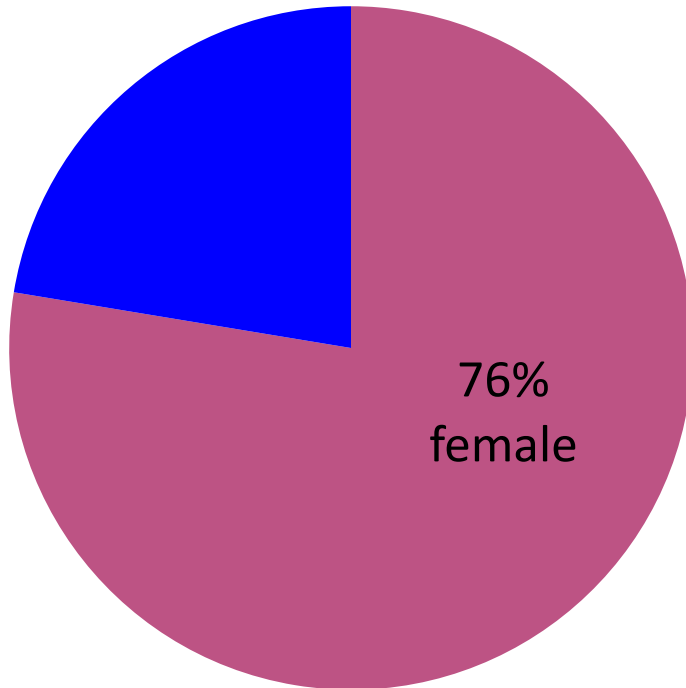
For \$3,000 you can ask 30 million people whatever you want.



Comparing signup and click through rate



Demographics of Pony Palace click-throughs



8. Get 1 million pieces of feedback on the first day ... of development.

- For \$3,000 you can ask 30 million people whatever you want.
- Establish a process that gets you feedback at every stage, including before you even start.



Usability Testing Has Never Been Easier

The fastest, cheapest way to *find out why users leave your website*

For \$39 you get:

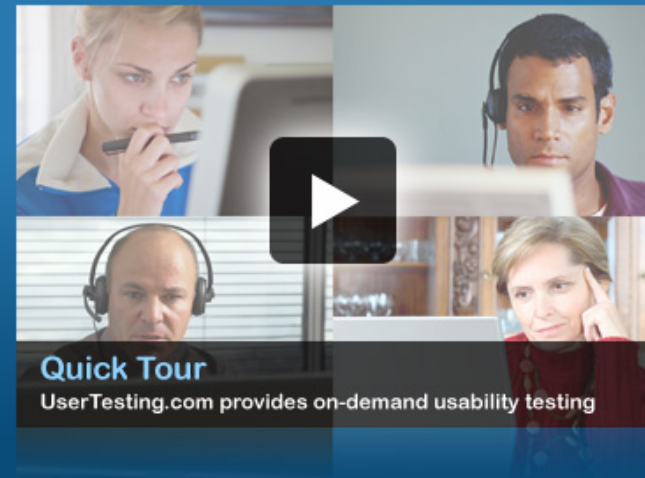
- Video of a visitor speaking their thoughts as they use your site
- Written summary describing the problems they encountered

“Use it and your site will get better.”

Evan Williams | **twitter** Co-Founder [More »](#)

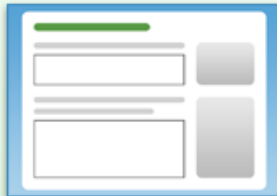
Try It Risk-Free

1-Year Money-Back Guarantee



How Our Usability Testing Works

1. Sign Up in 3 Minutes



You simply **fill out a one page form** to specify the users' demographics and tasks

2. We Notify our User Panel



Within seconds, **representative users** start recording themselves using your site.

3. Get Results in as Little as an Hour



You quickly receive a **video** and **written responses** from users.

My Vineyard User Test #3

User tester: pmdunn59

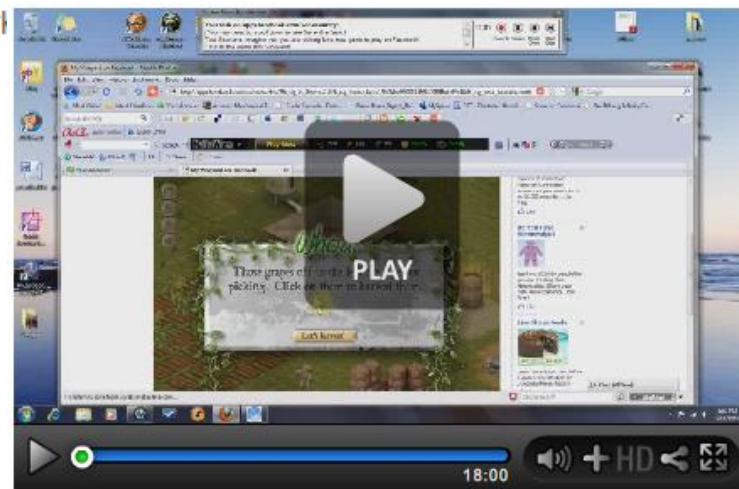
Date: May 19, 2010

What aspect of this game confused you or what did you not understand?

- The only aspect of the game I found a little confusing was the "Expansion" towards the end of my game session. I did not quite understand where the boundry was or see a large difference in property size or appearance after clicking on the "expansion" tool.

What ideas do you have about how this game new user experience could be improved?

- It is possible to mouse over a much greater area than just the active play zone. Some type of zoning needs to occur that limits the gamer from going too far into the empty green areas.
- Over all, all the elements that make the game fun are in place and work



8. Get feedback every day of development

- For \$3,000 you can ask 30 million people whatever you want.
 - Establish a process that gets you feedback at every stage, including before you even start.
- This applies from the first moment you have anything to show anyone
 - Get external feedback that you can trust
 - Iterate against it
 - And make it part of your process
 - Usertesting.com – get a dozen pieces of feedback from your demographic in under a few hours.



7. Does retention matter?

- What are you optimizing for?
- Your key metrics are:
 - Virality
 - Retention
 - ARPU



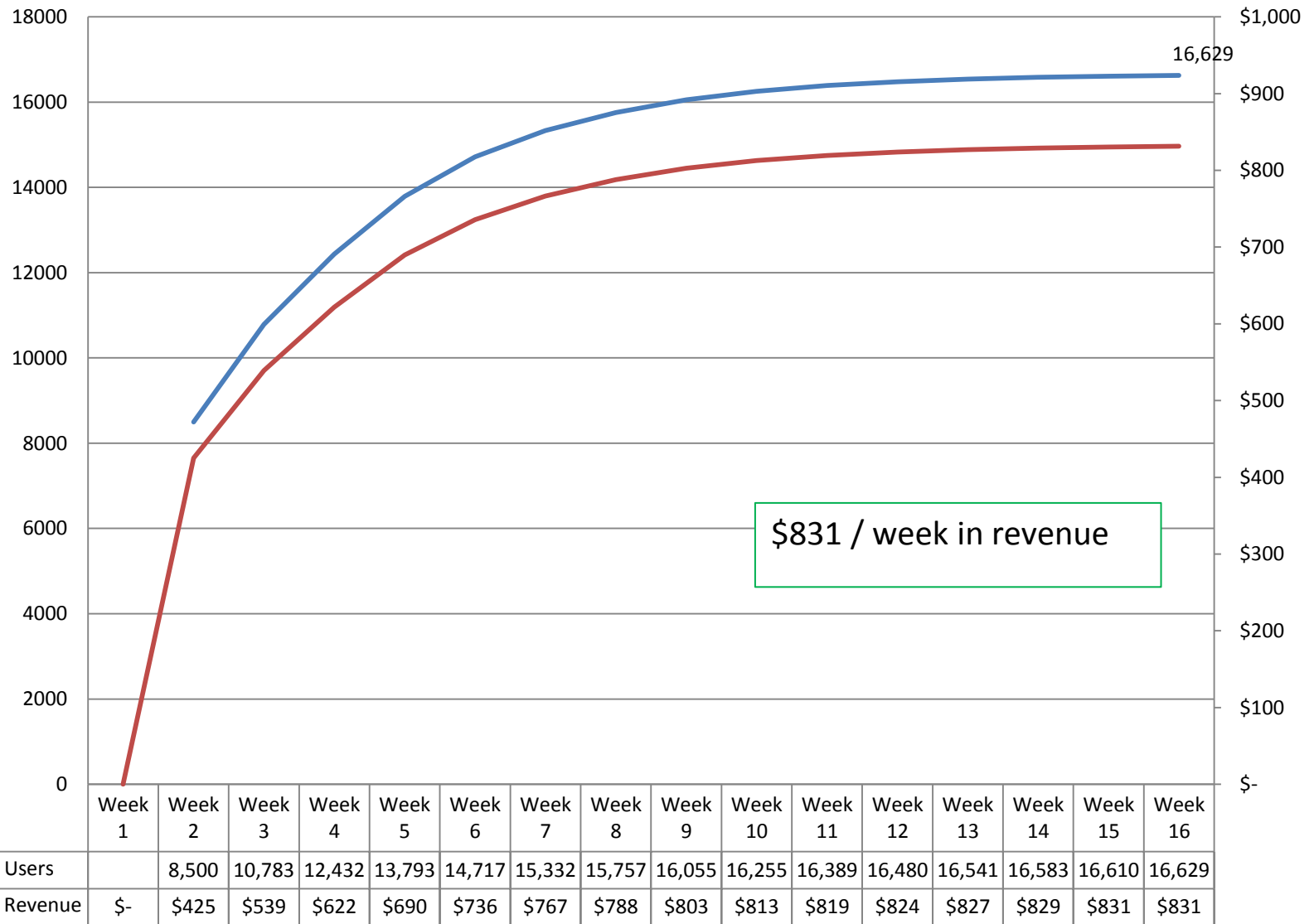
7. “Focus on virality!”

Sample game with:

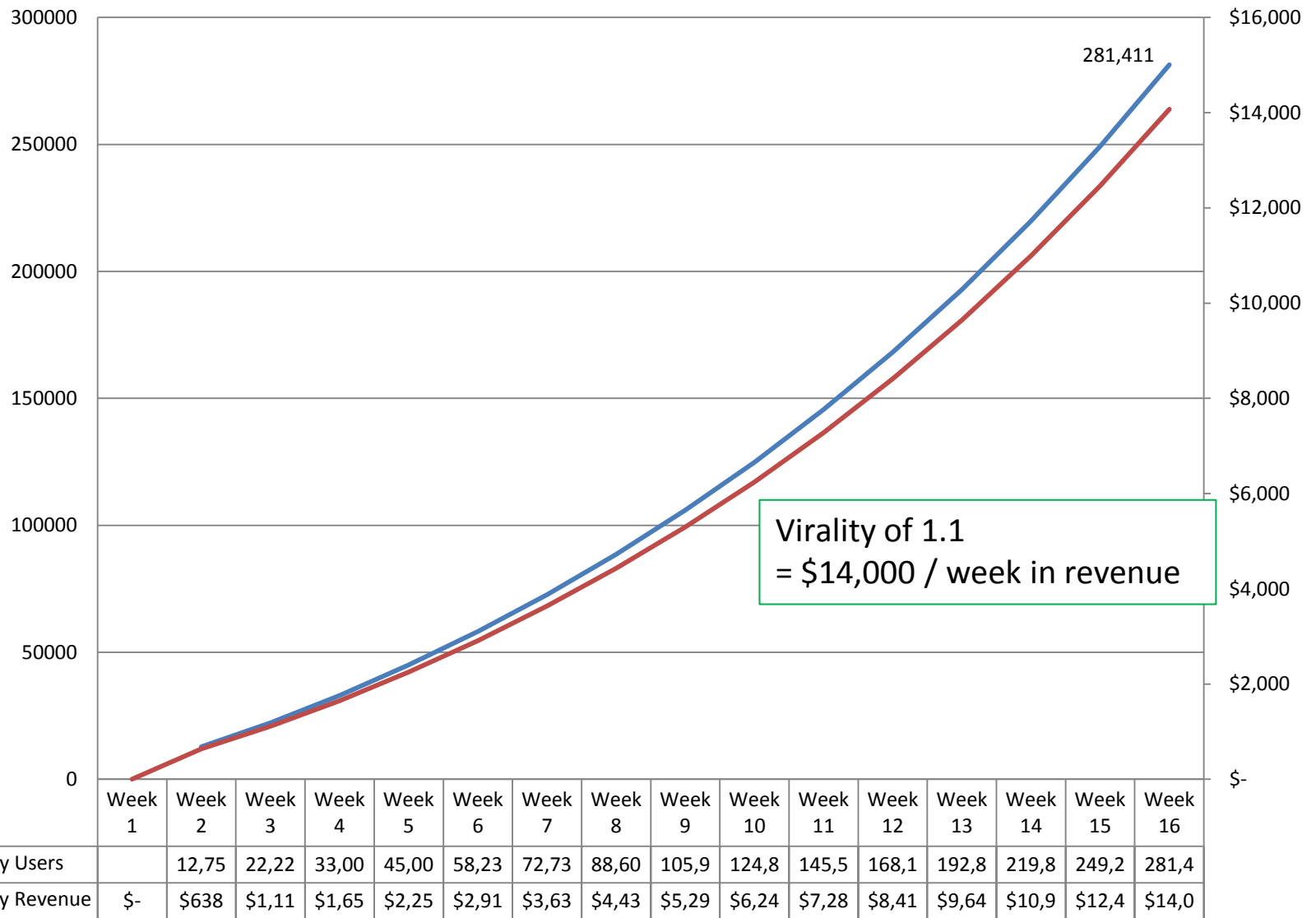
- 5000 users from organic sources each week
- 50% weekly retention
- 0.2 K (virality)
- \$0.05 / user / week



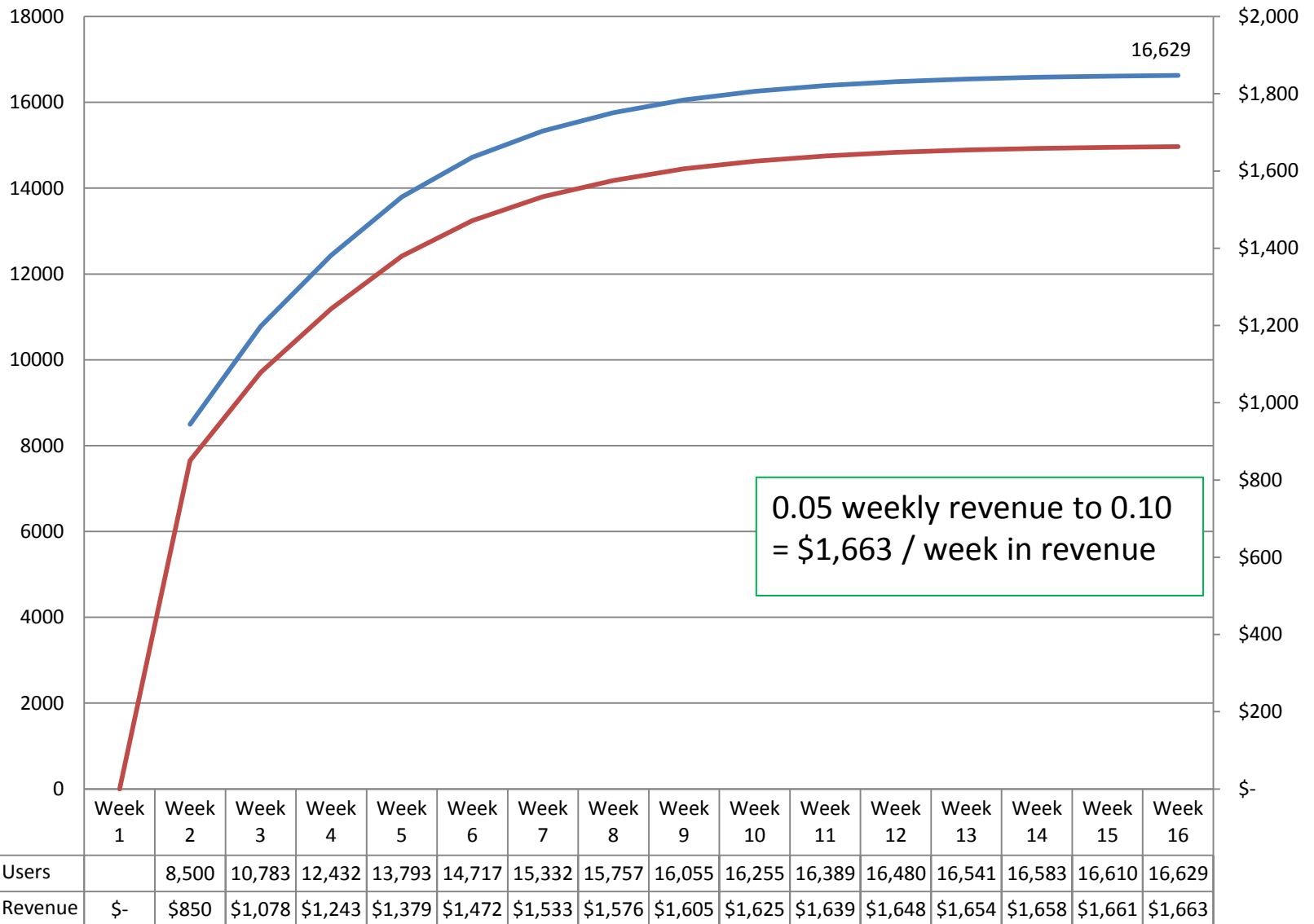
Your Game



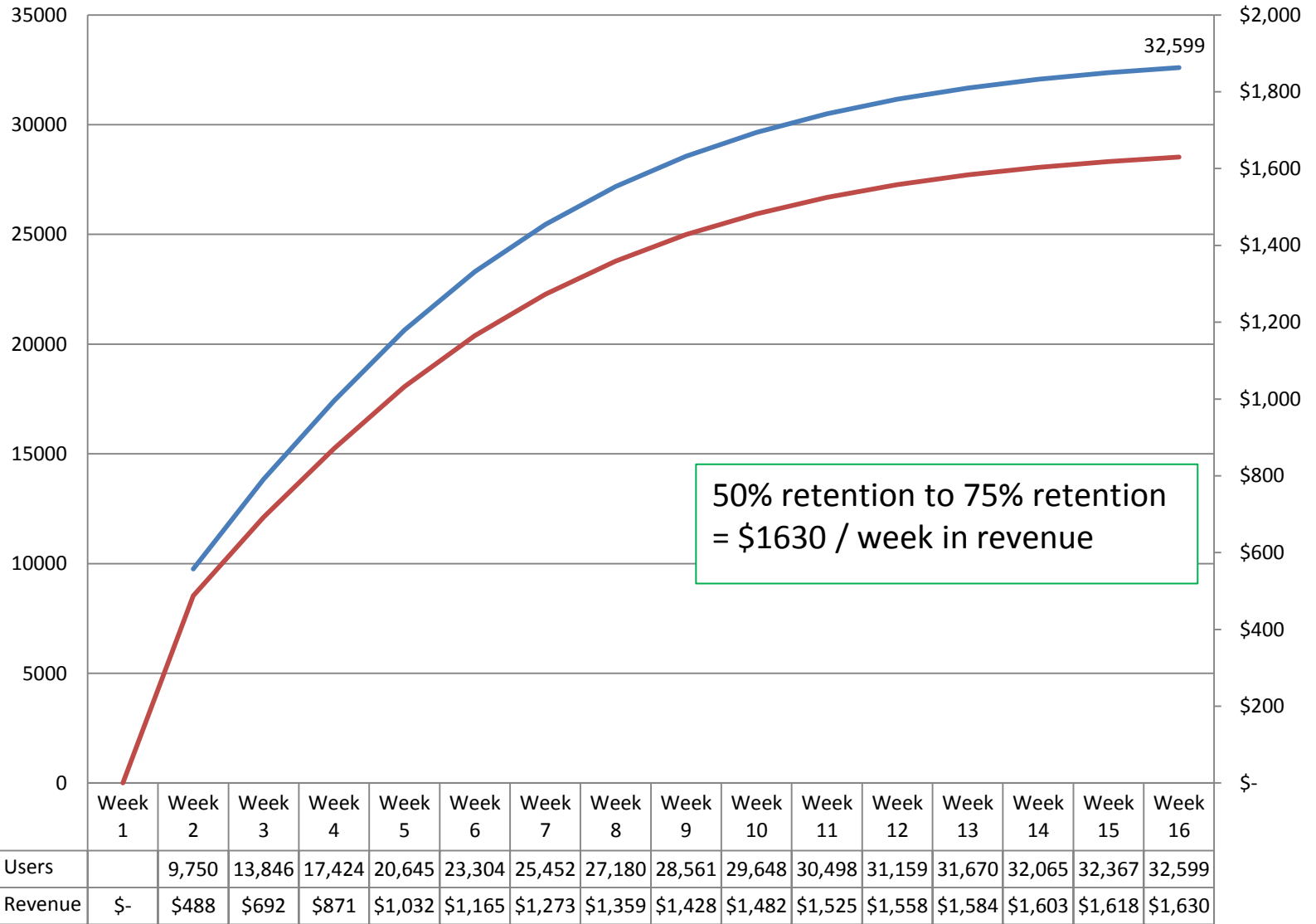
Not Your Game



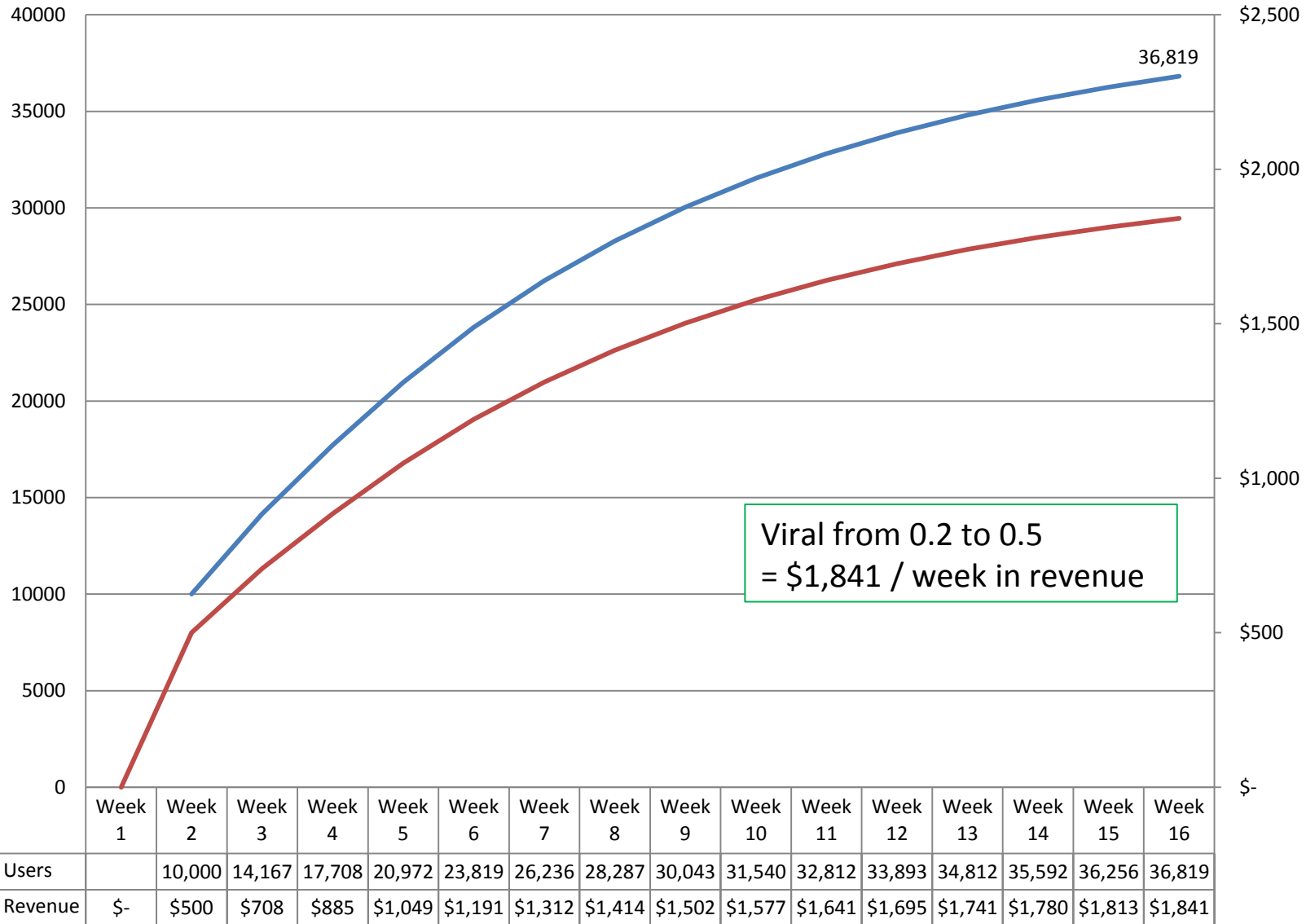
Your Game with Better ARPU



Your Game with Better Retention



Your Game with Better Virality



7. Never mind virality, more ARPU!

Under the old rules, nothing matters more than virality

Today what matters:

- acquisition cost (virality is a component)
- LTV (retention & ARPU)



7. **Victory** = Acquisition cost < lifetime value

When acquisition cost < lifetime value, every dollar of marketing spent translates to:

$$\text{income} = (\text{lifetime value} - \text{acquisition cost}) * \text{users}$$



7. Victory = Acquisition cost < lifetime value

\$100 to acquire 100 users

Acquisition cost = \$1 / user

Add in a little virality....

$K = 0.05$

100 users invite 5 users. 105 users for
\$100, acquisition cost = \$0.952



7. Victory = Acquisition cost < lifetime value

Add in a little more virality...

0.2 K

100 users invite 20 users ...

... and those 20 users invite 4 more users.

100 users and 0.2k = 124 users



7. Victory = Acquisition cost < lifetime value

0.6 K

100 users invite 60 users ...

... and those 60 users invite 36 more users,

... and those 36 invite 21 more,

... and those 21 invite 12, 12 invite 7, 7
invite 4, 4 invite 2, 2 invite 1

100 users and 0.6k = 245 users!

Acquisition cost = \$0.41



7. Victory = Acquisition cost < lifetime value

1.1 K

100 users invite 110 users ...

... and those 110 users invite 121 more,

... and those 121 invite 133, 133 invite 146,
146 invite 161, 161 invite 177, 177 invite
195 ...

100 users and 1.1k = infinite users

Acquisition cost = zero.



7. Victory = Acquisition cost < lifetime value

100 users who pay 0.01 / day
50% are retained every day

= \$1 the first day,
\$.50 the second,
\$.25 the third

Day	Revenue
1	\$1
2	\$.50
3	\$.25
4	\$.125
5	\$.0625
6	\$.0313
7	\$.0156
8	\$.0008
9	\$.0004
10	\$.0002

Total revenue = \$1.99 / 100 users = LTV 2 cents



7. Victory = Acquisition cost < lifetime value

DailyRetention	90%	75%	50%	25%	10%
LTV	\$0.07	\$0.04	\$0.02	\$0.013	\$0.011

90% retention and \$0.01 ARPU ...

... It's going to be hard to acquire users for 7 cents unless your product is very viral.



7. Victory = Acquisition cost < lifetime value

- .6k and \$1 CPI = \$.41 cost per user
- 75% daily retention + 10 cent ARPDAU
= 40 cents LTV

So you can only eat ramen and you can't
pay yourself a salary . . .

... this is the win scenario



6. Specialization is bad



Business Owner



Process
Managers



Manager of
Programmers



Manager of
Artists



Manager of
Designers



Manager of
Managers



Programming
Lead



Design Lead

6. Specialization is bad



6. Specialization is bad



Business Owner
Vision Holder
Metrics Owner



Art Director
Environments
Characters



Virality
New User
Experience



Retention
Owner
Systems Design



Revenue
Content
Designer



Community



Viral
Programming
Client
Programming



Lead DB
Scalability
Game Server



5. I don't care what you think. Prove it.

- EverQuest after 8 years had a lot of features.
 - Which ones made a difference?
 - Which ones still make a difference?



5. I don't care what you think. Prove it

- Every feature does not make your game better

	Baseline	With Achievements
1-day K	.15	.14
1-week K	.4	.38
1-week retention	65%	66%
ARPDau	.04	.04



5. I don't care what you think. Prove it

	Baseline	Achievements v2
1-day K	.15	.12
1-week K	.4	.34
1-week retention	64%	60%
ARPDau	.04	.04

• • •

	Baseline	Achievements v5
1-day K	.15	.14
1-week K	.39	.41
1-week retention	63%	71%
ARPDau	.04	.04



5. I don't care what you think. Prove it

- When we started I thought we'd be right 90% of the time
- It was more like 10%.
- We're much better now.
- 30%
- You can even test features by *removing* them to prove they still have value!
- Every user is a place to learn. And there are always more of them.



5b. Usertesting.com

- You can do usertesting on anything.
- Let's say there's a random product you are interested in, and you wonder why users love the newbie experience ...
- At Metaplace, we actually tested a Playdom game
- ... and then they bought us



4. Everyone has to know the metrics, and what their goal is

- Most game companies hide the metrics
- Most web companies project them on the wall



4. Everyone has to know the metrics, and what their goal is

- You steer the business towards iterating against the metrics that will have the greatest impact
- Whatever you have on the wall is what people will iterate against. So pick wisely.
- Metrics is a spectacular way to *optimize*

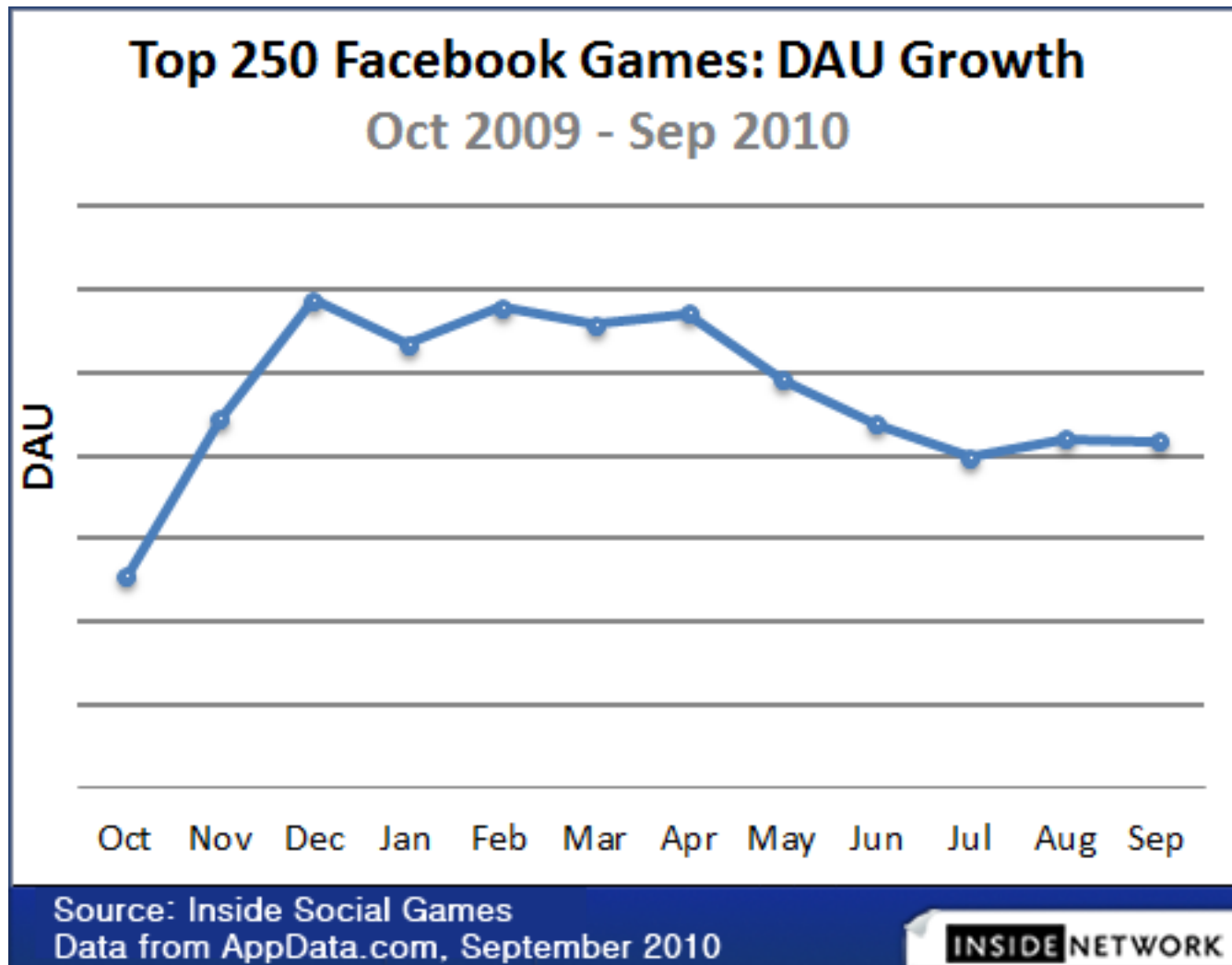


4a. You can't skip the invention

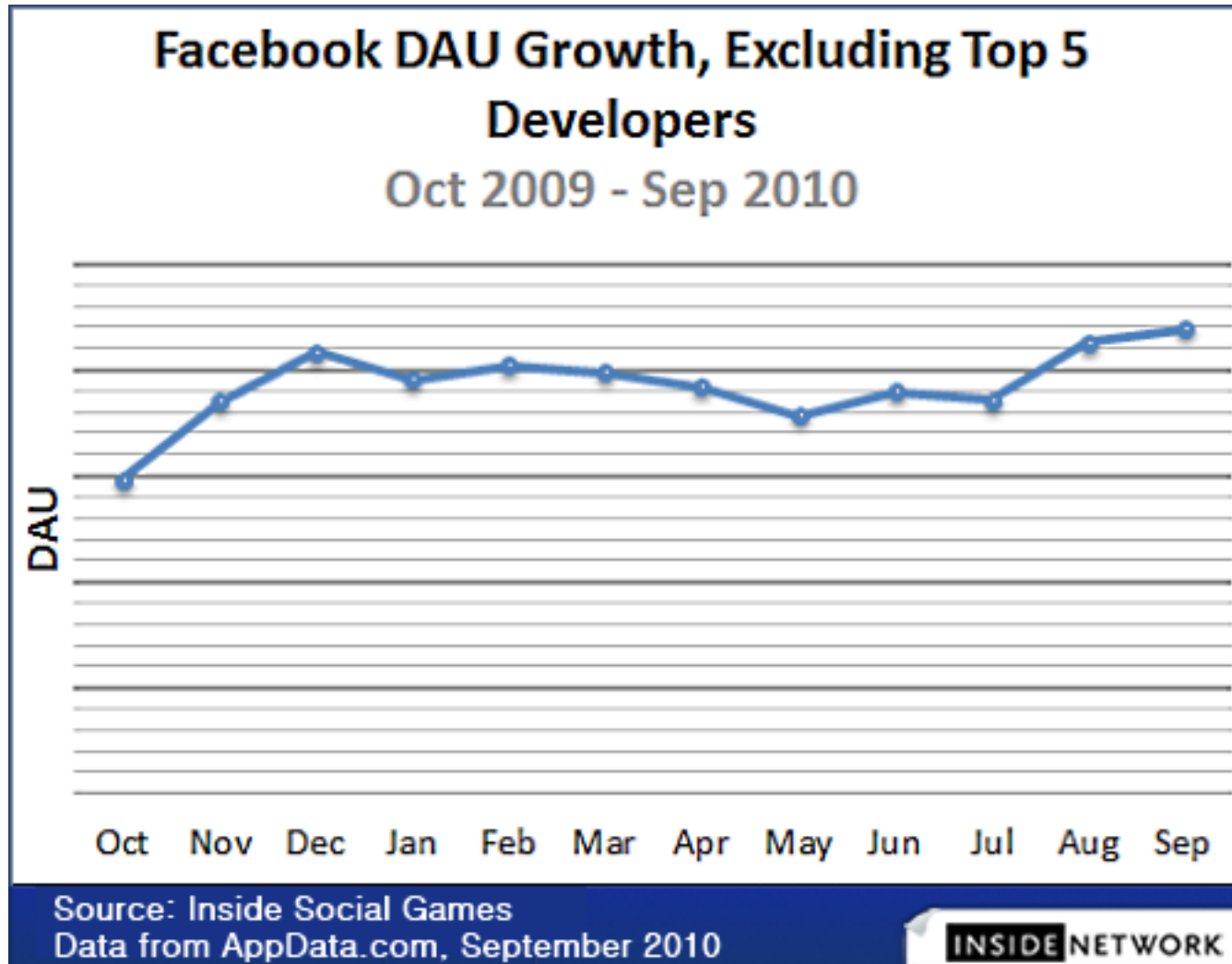
- All these metrics are great.
- None of them are going to invent a new game for you.
- The optimization that gets you a 300% boost is virtually non-existent.
- Winetasting



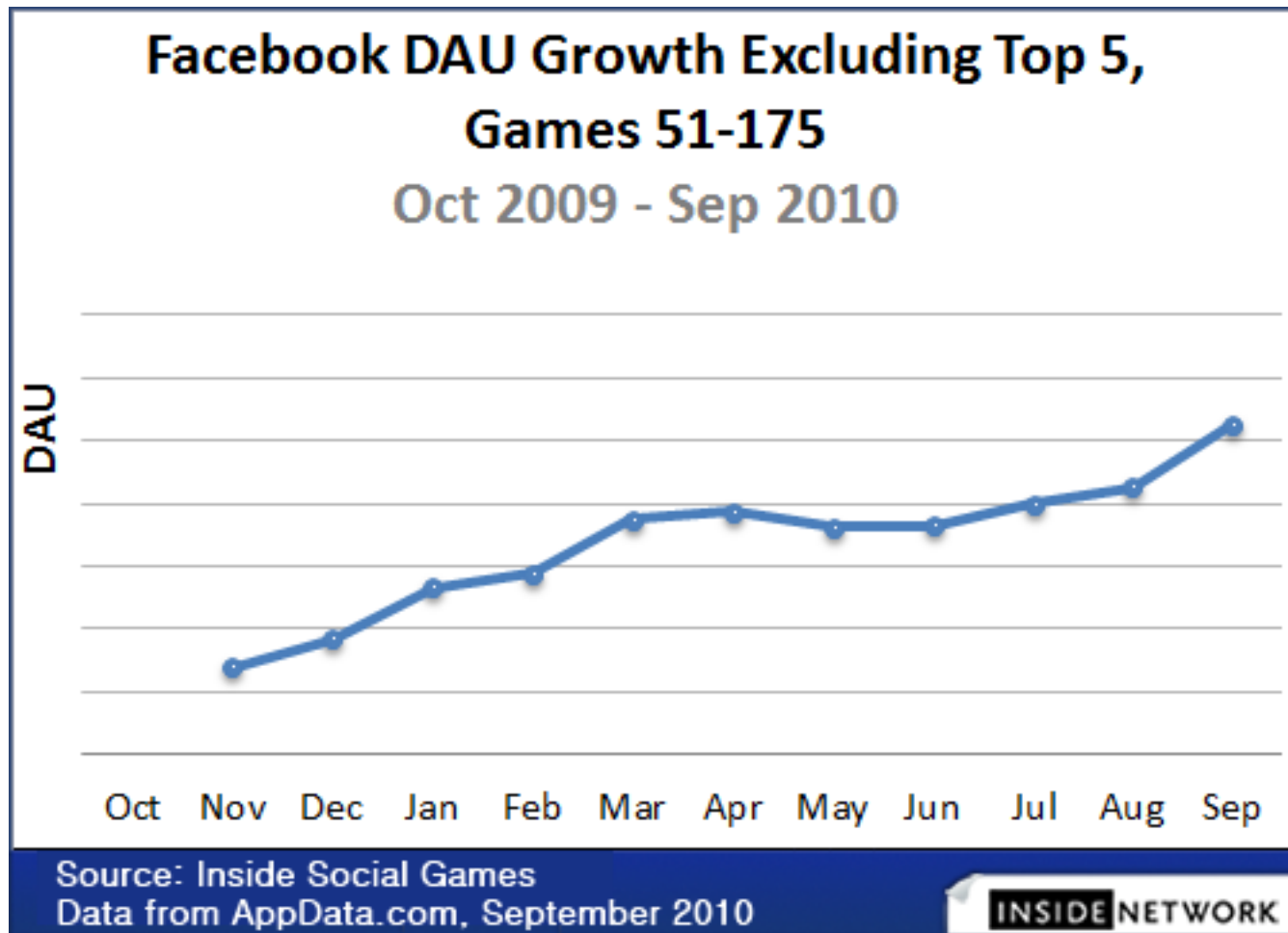
3. There are new winners today



3. There are new winners today



3. There are new winners today



2. It's not spam

- “Do you want to post this to your friends?”
 - Many of my game-developer friends hate this spam. But to the players, it's not spam.
- Integrate viral into the gameplay
 - Winetasting in My Vineyard
- “At the end we'll add the virals” versus “How do you help your friends”



1. It's as much of a business as it is a game.

- Iterative loops are shortening.
 - Market research
 - Brand
 - Art
 - Gameplay Development
 - Live
- Build a culture of learning
 - A/B test everything
- Be metric-driven
 - Come up with great game ideas ... that push the metrics further.



0. Try and level the playing field

- Find every avenue to gain users
 - Cross-product marketing, such as Applifier. Leverage other people, then leverage your other games.
 - Build LTV to justify an ad spend
- Ride the genre-cycle wave
 - My Vineyard = farming game in fresh area
- Find ways to broadcast your message



References

Slide 5: Games with over a million players: appdata.com

Slide 6: PS3 games with over a million units: wikipedia.org

Slide 7: social gamer demographics <http://gigaom.com/2010/02/17/average-social-gamer-is-a-43-year-old-woman/>

Slide 7: social gamer demographics <http://blog.ogilvypr.com/2010/02/social-games-spanning-wider-demographics-and-capturing-more-time/>

Slide 8: social game demographics <http://gigaom.com/2010/02/17/average-social-gamer-is-a-43-year-old-woman/>

Slides 38-40: inside social games <http://www.insidesocialgames.com>

