Bootstrapping 101:

How college kids built a thriving game company in under 3 years

Justin Beck
Co-Founder and CEO
PerBlue, Inc

@PerBlue
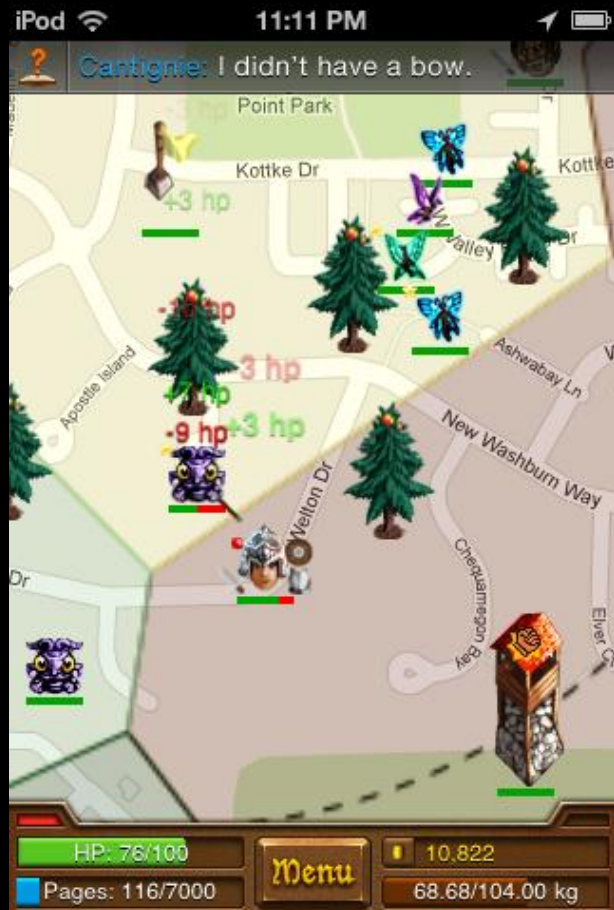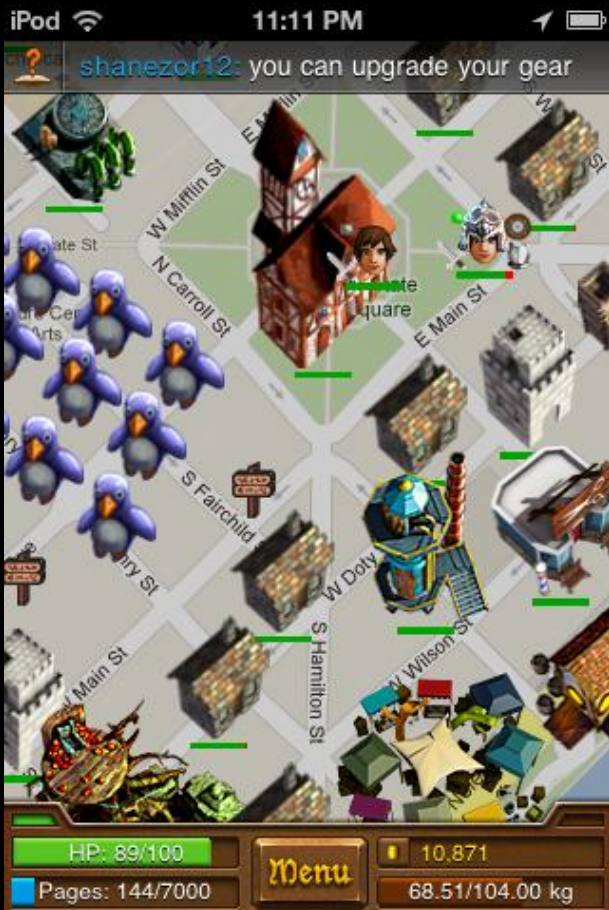@JustinKBeck

shanezor12: you can upgrade your gear

E Mifflin St
N Carroll St
N Carroll St
E Main St
Square
S Fairchild
W Doty
S Hamilton St
N Wilson St
S Main St

HP: 89/100
Pages: 144/7000
Menu
10,871
68.51/104.00 kg

◀ **Menu** ? ⚙

Items — **Messages** (2) — **Create**

Skills (1) — **Character** — **Players**

Travel — **Chat** — **Food**

HP: 89/100
Pages: 144/7000
Map
10,871
68.51/104.00 kg

Cantignie: I didn't have a bow.

Point Park
Kottke Dr
Kottke
+3 hp
Valley
Ashwabay Ln
Apostle Island
-3 hp
-3 hp
New Washburn Way
Welton Dr
-9 hp +3 hp
Chequamegon Bay
Elver C
Dr

HP: 76/100
Pages: 116/7000
Menu
10,822
68.68/104.00 kg

Back　　**Buy Food**

🍗 **365 Food**　　　　　　**$2.99**
　　Survival Pack

🍗 **860 Food**　　　　　　**$6.99**
　　Camping Trip

🍗 **1905 Food**　　　　　　**$14.99**
　　Family of Four

🍗 **4725 Food**　　　　　　**$34.99**
　　Company Picnic

🍗 **9845 Food**　　　　　　**$64.99**
　　Feeding of the 5000

HP: 100/100　　**Menu**　　🪙 1,376,742,528
Pages: 2494/3500　　　　　　2567.24/5421.00 kg

❓ Knight Fury: no

Back　　**Limited Time Swag (13)**

🗡 **Dragon Tooth Dagger +0 10% - Limited Time Swag!**　　500 Food

🪖 **Gray Football Helmet - Limited Time Swag!**　　525 Food

🪖 **Blue Football Helmet - Limited Time Swag!**　　525 Food

🦋 **Yanglong Dragon Scalemail +0 10% - Limited Time Swag!**　　525 Food

🎏 **Forbidden House Decoration - Limited Time Swag!**　　675 Food

HP: 100/100　　**Menu**　　🪙 7,684
Pages: 0/10300　　　　　　625.27/1724.00 kg

Virtual Goods Expenses

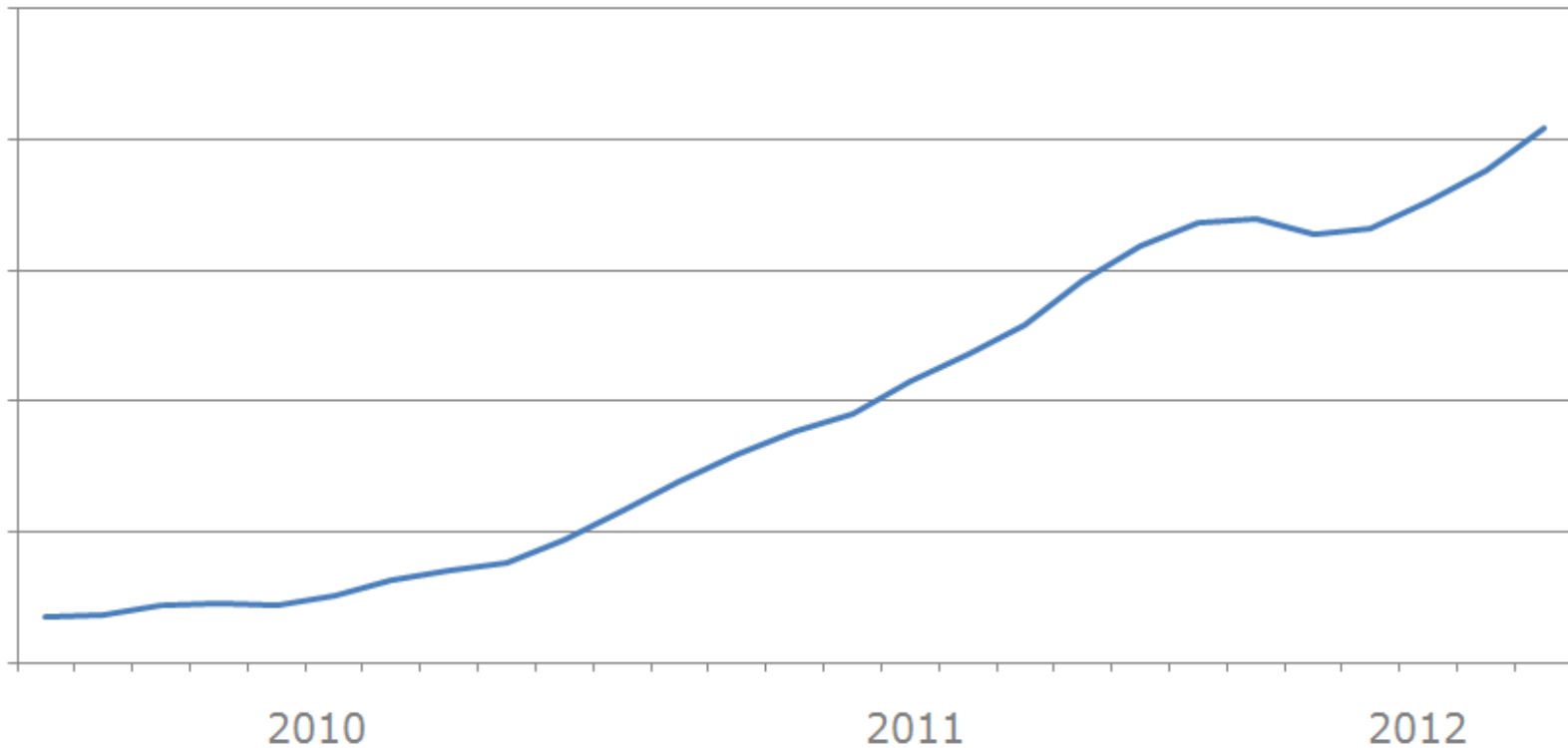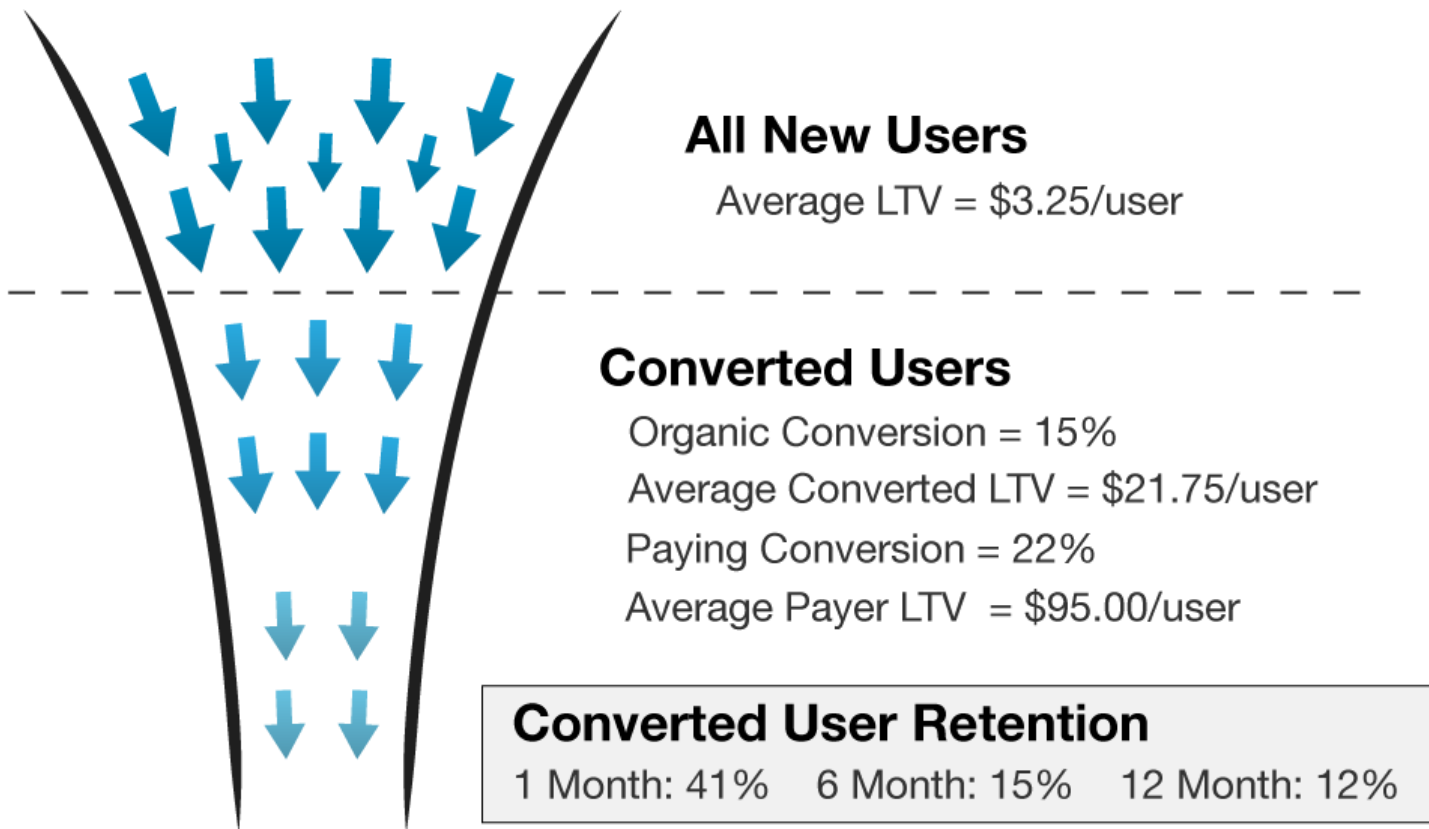|		
	Purchase Swag	37%
	Level Up	22%
	Refine Oil	15%
	Customize Weapons	16%
	Change Skill	10%

Our Revenue

Our Users

- 1.5 million user accounts
- 15,000 DAU
- 50,000 MAU
- 1,500 concurrent players
- 70% male, 30% female
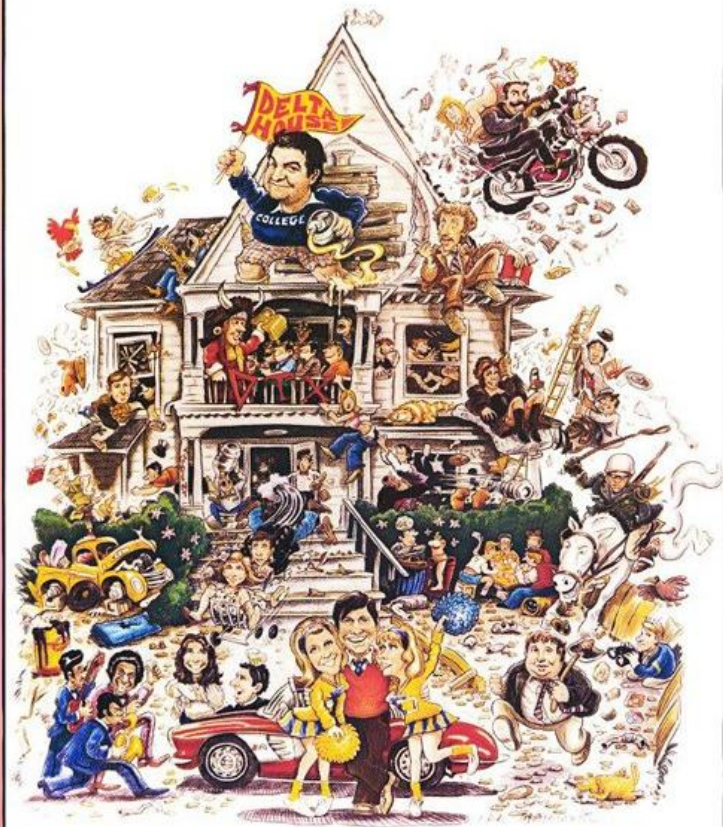- 65% USA, 35% rest of the world
- 85% Android, 15% iOS

Parallel Kingdom - Conversion Funnel

All New Users

Average LTV = $3.25/user

Converted Users

Organic Conversion = 15%

Average Converted LTV = $21.75/user

Paying Conversion = 22%

Average Payer LTV = $95.00/user

Converted User Retention
1 Month: 41%   6 Month: 15%   12 Month: 12%

How did this start?

2008

Parallel Kingdom

⤙ AGE OF THRONES ⤚

We got offered really early money.

Take The Money or Bootstrap?

Why did we turn it down?

Terms That Stink

- Small investment
- 1 board seat out of 3
- 10% share of the company
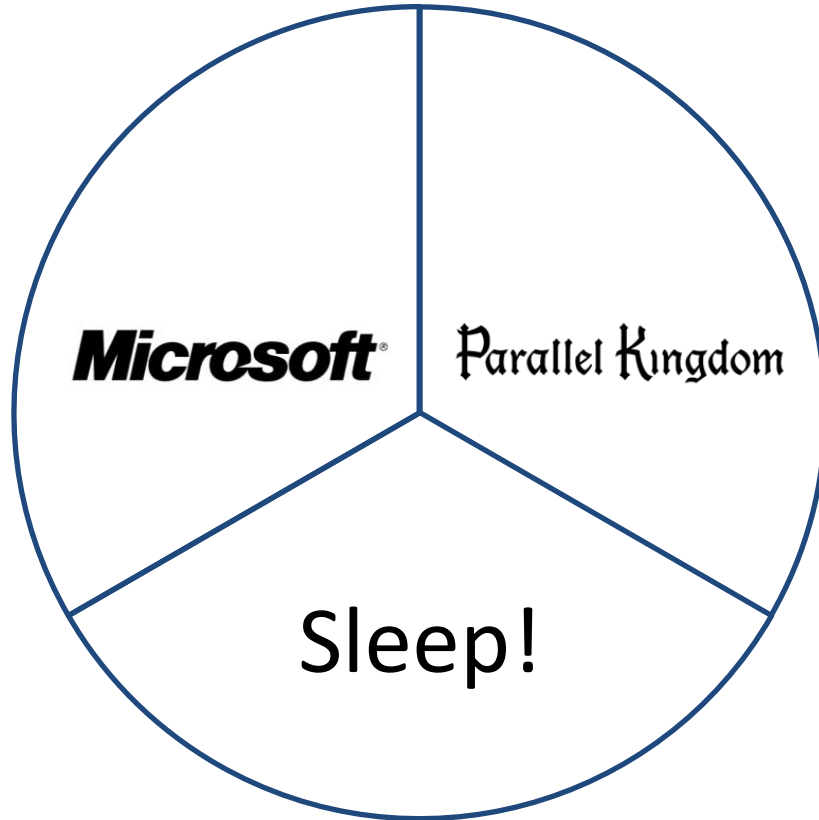- Preferred Stock – protective provisions

We didn't trust them.

We're officially Bootstrapping.

The real cost is not just time.

Stress

Focus

Microsoft offered me a great job.

Take M$ job or continue to bootstrap?
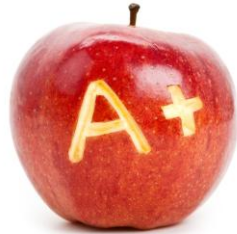
Why did I turn down the job offer?

Mobile Opportunity

Microsoft will always be around.

The real value isn't the money.

Education

Don't let upfront cash buy you.

Let's do the math

```
  40 hr/ week
x  52 weeks
  2080 hours
```

```
  3 hr/ trip
x  15 trips on the boat
  45 hours
```

Is $35k worth 45 hours of **fun** and 2080 hours of **misery**?

Assembling the team

Stock Options

How do stock options work?

Early Stage Employee Stock Options

- Really low price per share
- PT work .1% for a year
- FT work .4%-.8% for a year

Key to compensation:
Good outcomes for the **company** and **employees**.

Why did people choose this?

After 11 months of development…

We still weren't shipped.

We have to ship.

Kingdoms

Send Messages

Crafting

Mines

Caves

Warp travel

Armories

Crystal

Oil

Weather

Towers

Leveled Weapons

Ranged Weapons

Pets

Mini games

Trading

Merchants

Mingling

Female character

Flags

Spells

Water

Event feed

Alliances

Geotargetted marketing

Ranged weapons

Magic

Web view

Tutorial

Customizable items

Item naming

Territory naming

Sheep

Avatar customization

Dungeons

Collect Gold

Payment

Subscriptions

Tradeposts

Claiming Land

Invites

Cities

Global chat

Quests

Giant turtles

Scrolls

Grove

Rankings

Kill Monsters

Hats

Research

Academies

Armories

Societies

Oxen

Sign Posts

Flowers

Statuses

Larva

Plants

The easiest way to kill your company is by not keeping an eye on scope.

TechCrunch

Parallel Kingdom Set To Launch One Of First iPhone/Android MMOs

by **Jason Kincaid** on October 10, 2008   **14 Comments** 💬

Since the launch of the iPhone App Store, we've seen a **wave of geo-aware social networks** that make use of the phone's GPS (or in the case of the original iPhone, pseudo-GPS). Each of these apps aims to help facilitate social interaction by locating nearby friends, points of interest, or people you might be interested in meeting (but might not know yet). There's little doubt that some incarnation of one of these apps will help shape the **future of social networking**, but there's still a huge geo-aware market that has yet to be tapped: Games.

Parallel Kingdom, launching at the end of the month, is set to become one of the first

We launch!

2009

Some Context

"Got a lot of potential."

"I don't have enough creatures in my circle."

"I am sick of driving around."

People don't move.

"I hit my neighbor's cat while driving because I was playing PK."

How do we make a location-based game not so… location-based?

Sh*t.

There is more to location than just being there.

Bam

We adjusted our strategy.

We're broke.

When you're out of money, the ship stops.

Initial Revenue Model: **Subscription Based**

This was before Virtual Goods were pop culture.
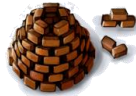
But we were scared of a pay wall.
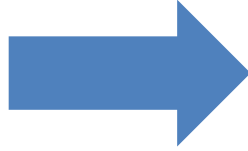
Virtual Goods Expenses

Purchase Swag

Level Up

Refine Oil

Customize Weapons

Change Skill

Where players spend Food is important.

Tradeposts

We had the revenue model.

We needed money to launch.

How can we fund this?

Angel or VC round

Friends and Family round

Start doing contract work

Friends and Family

Friends and Family: **Important Things**

Family and Friends Terms

- $72,000
- Common Stock
- 3.5% of the company

The night before launch…

It Worked!

2010

Raising Growth Capital

Raising Growth Capital

- We were profitable
- We employed 7 full time people
- Increasing cash flow
- Had a solid team

Many investors asked us to move to CA.

Perks of being in the Bay

Perks of **not** being in the Bay

Madison, WI

The Results

- Oversubscribed
- Looking for $300k, total of $800k raised
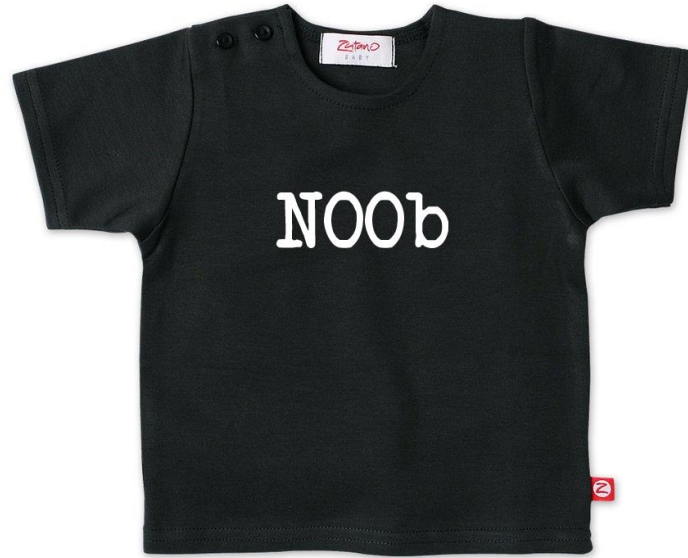- Good investors that are trustworthy
- 40% West Coast, 60% Midwest

2011

Scaling Revenue

Niche products have more legs than you think.

Stay Laser Focused

Starting multiple new products with small teams **didn't work**.

Things that worked

Improving new player experience
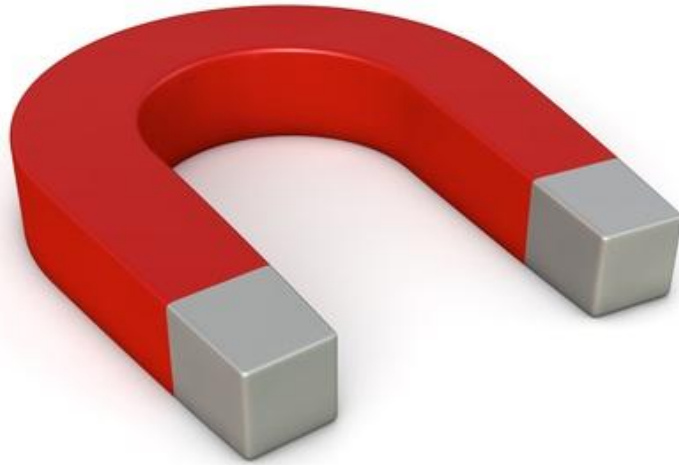
Optimizing profitable features
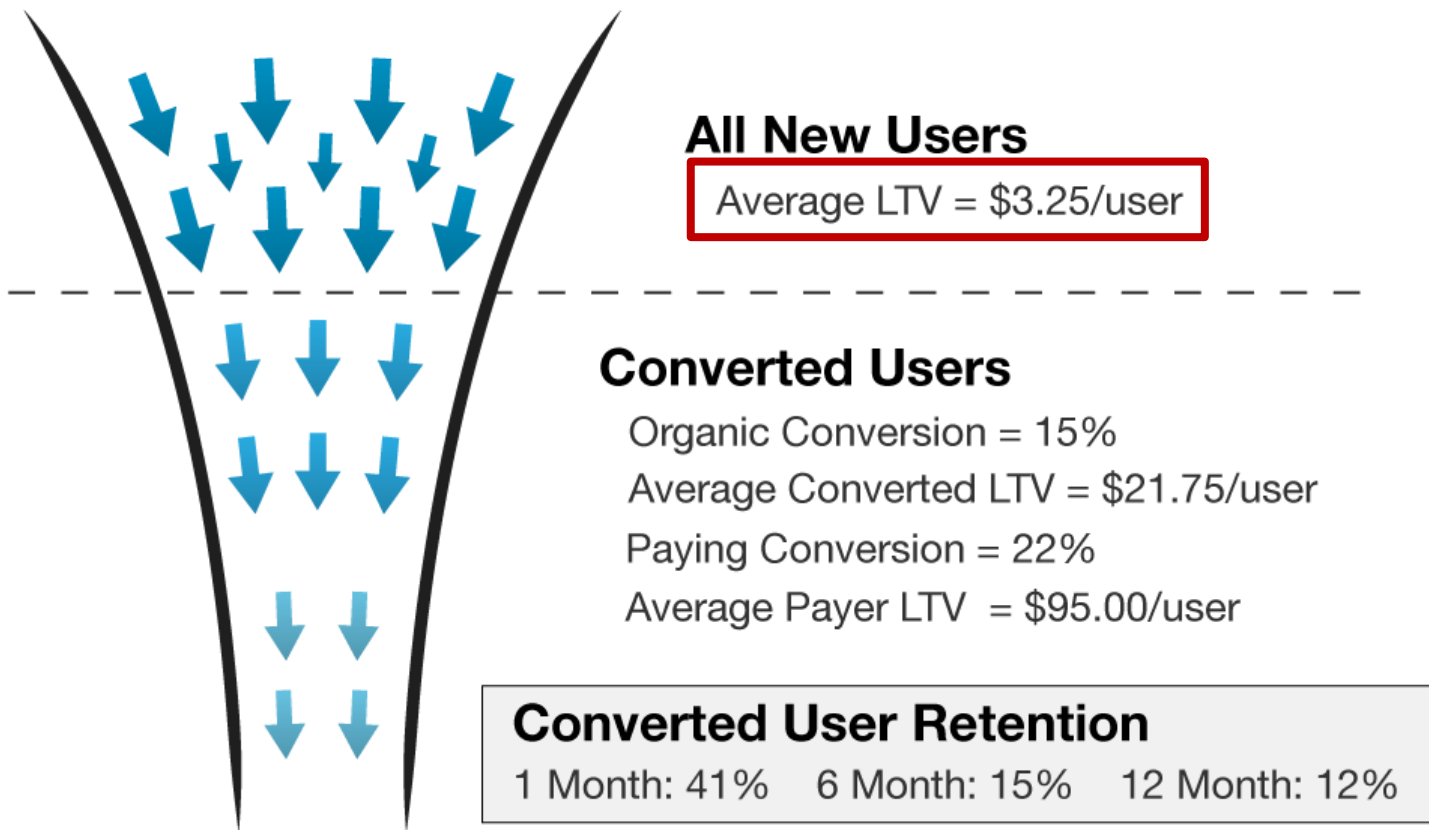
Improving referral systems

Improving payment flow

Investing in ROI positive marketing
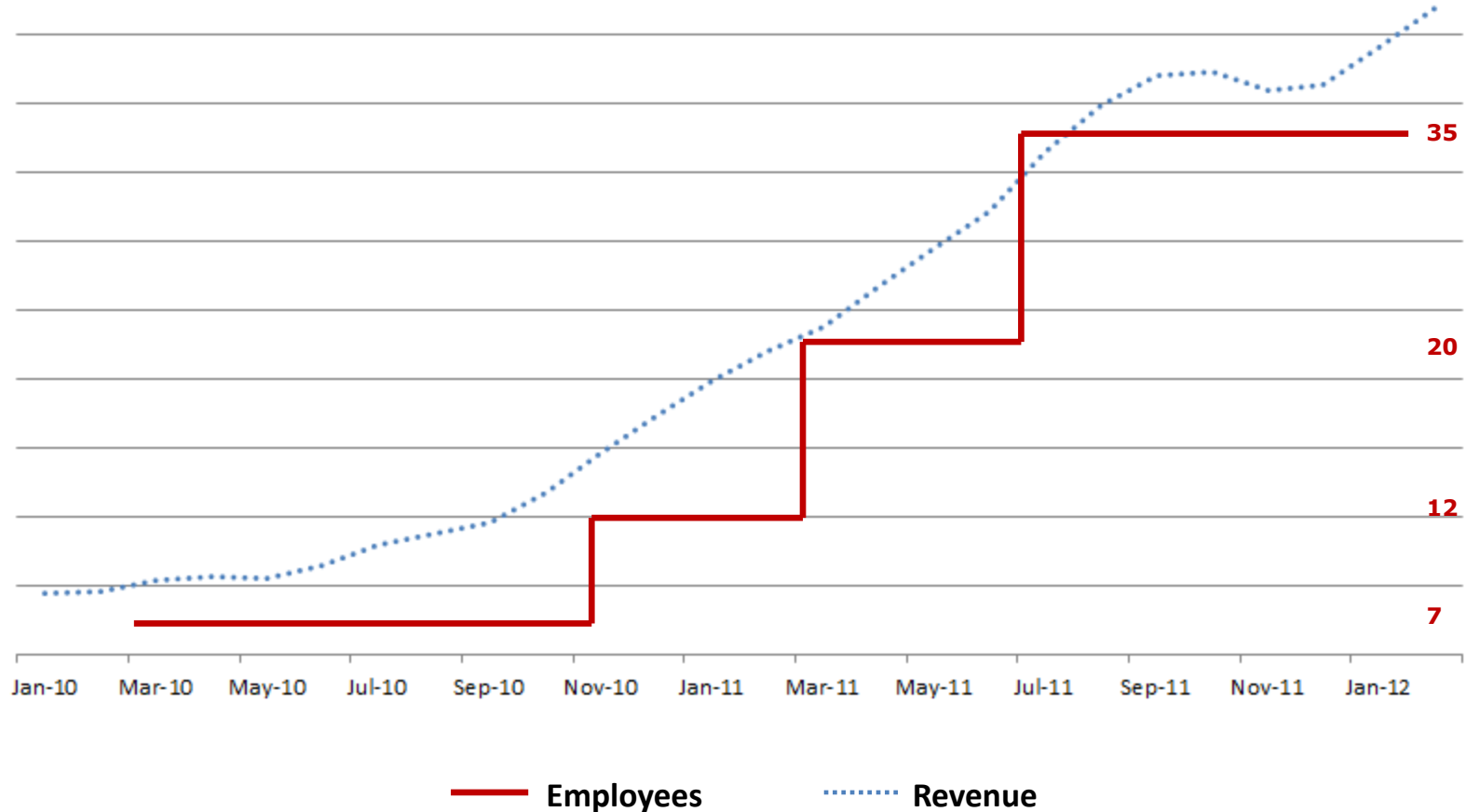
Scaling Customer Acquisition

All New Users

Average LTV = $3.25/user

Converted Users

Organic Conversion = 15%

Average Converted LTV = $21.75/user

Paying Conversion = 22%

Average Payer LTV = $95.00/user

Converted User Retention

1 Month: 41%   6 Month: 15%   12 Month: 12%

Cost of Customer < LTV of customer

Cash flow growth is awesome.

We reused $800k to grow our team 3 times.

2011 Results

- **3.4x** revenue growth
- **2x** DAU growth
- Record new accounts
- Record daily revenue

Mashable AWARDS — BEST MOBILE GAME FINALIST 2011

Player ❤️ Graph
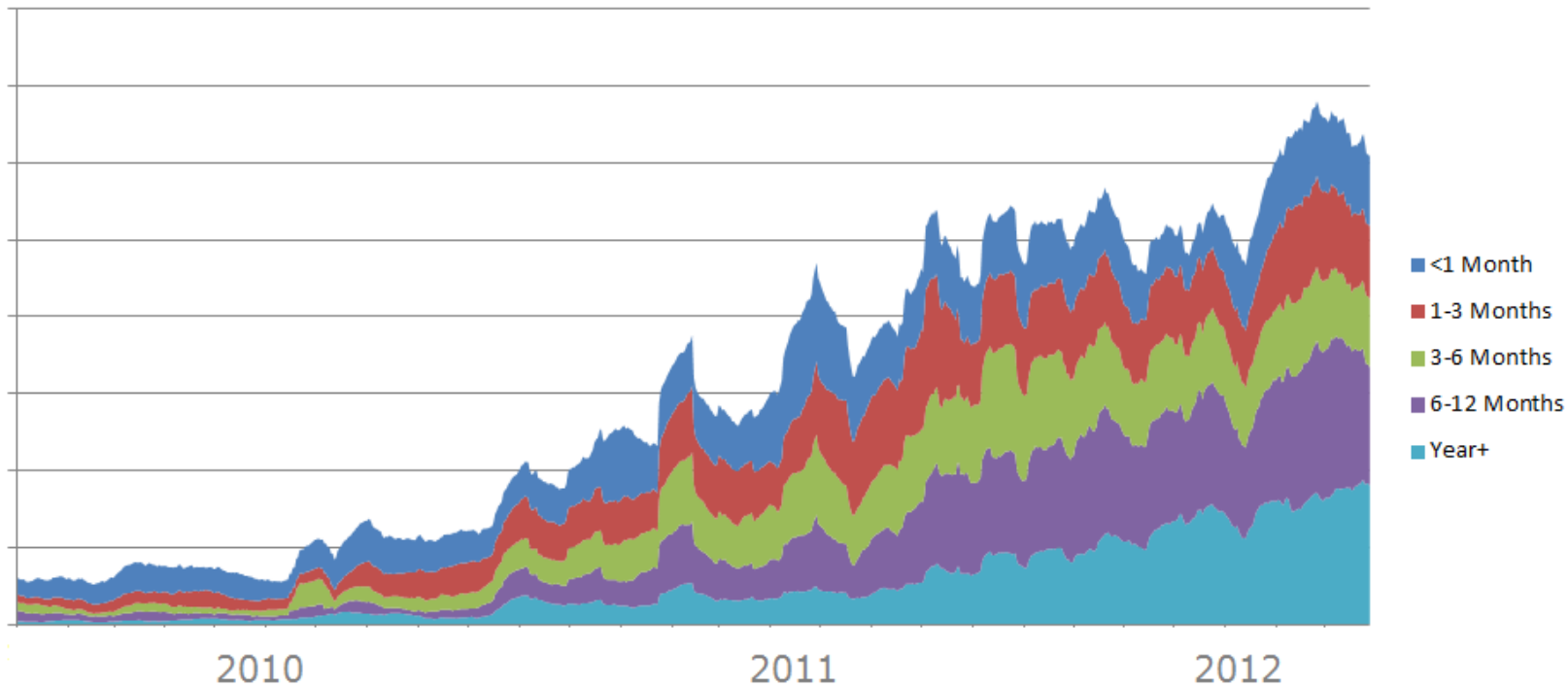
2012

What are we working on now?

Benefits of this strategy

- Build a "Parallel" brand

- Shorter dev time

- Stick to our strength

- Stackable revenue streams

Go forth, bootstrap!

Justin Beck

justin@perblue.com

@PerBlue
@JustinKBeck