CONSOLE GAMES – NEW REALITIES REQUIRE NEW STRATEGIES TO WIN

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Moderator: Howard Donaldson, VP Studio Operations, Disney Interactive Studios

Panelists: Dan Tudge – VP & GM, Propaganda Games

Kelly Zmak – Former President, Radical Entertainment

Dan Winters – VP Developer Relations, Activision Blizzard

Adel Chaveleh – President/CEO, TimeGate Studios

Is console development going away?

- Traditional console video game sales are falling

- Publishers are slashing packaged goods titles
  - Major layoffs at indies and publisher-owned studios
  - Studios being shuttered
  - Soaring product development costs

- Publishers looking to expand online

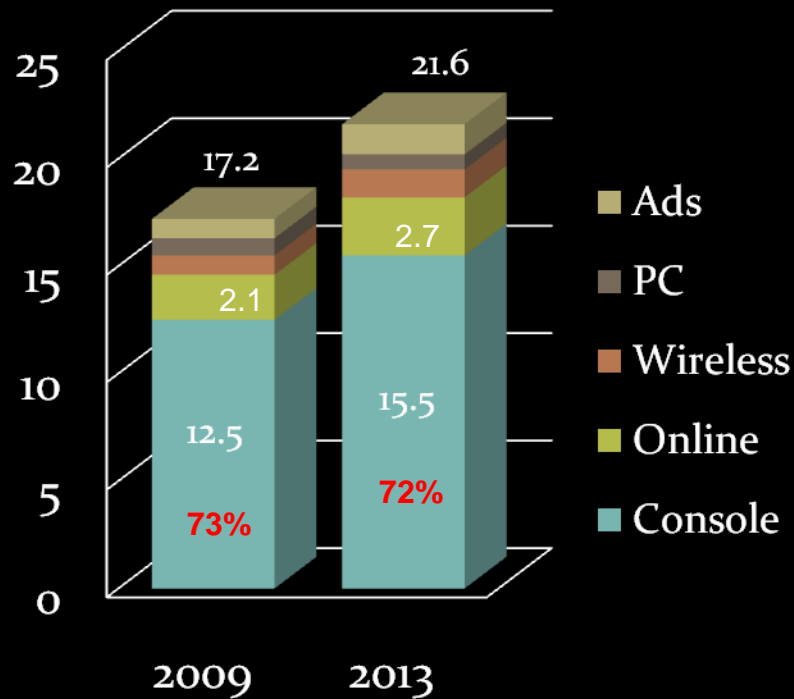# Social, Online and Wireless Games Rising Fast

50 mil iphone/itouch devices

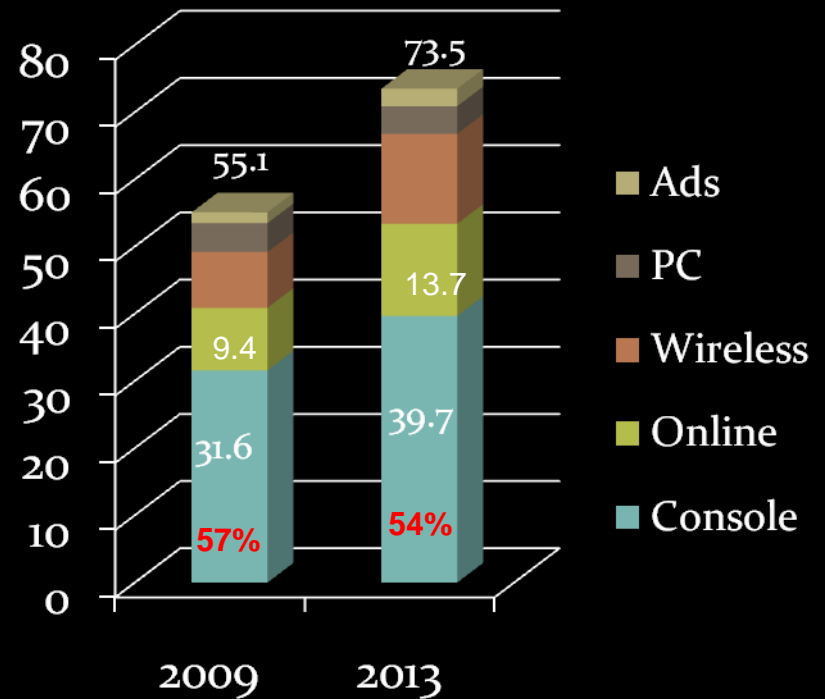200 mil daily users
10x growth in 1 year

Social gaming to reach $1.3 bil in 2010

Video Game Software Sales ($ in Bil)

North America

Global

According to Global Entertainment and Media Outlook 2009 – 2013 PwC
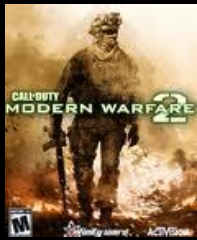
Console Market

- Is console development going away?
- Has the console market changed from the last console generation? What are the new realities?

Console Games today – Bigger Hits Required

Top Console Games

- Top 20 dominated by blockbuster franchise sequels
- Big budgets –$40M+ dev spend
- BE = 2.8 mil units
- High metacritic scores >85%
- Hit title = top 20 /profitable

Average Console Games

- Majority of titles
- Dev budget ave of $20M+
- BE = 1.5 mil units
- Metacritic score < 70%
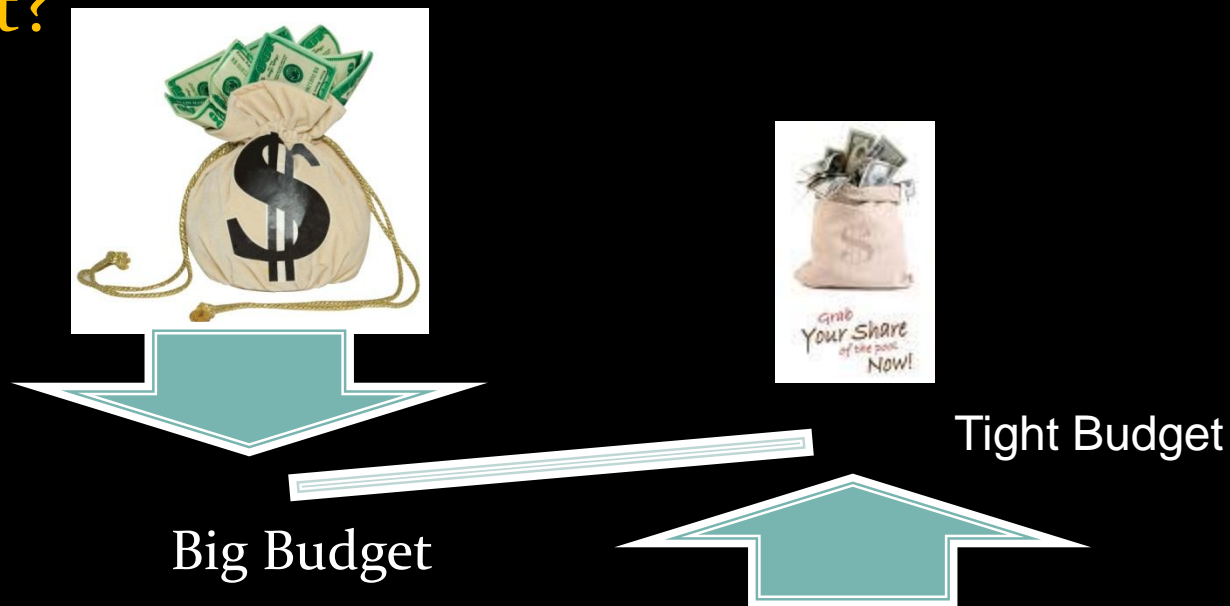- Ave title = Loses money

Competitive Market

- How do you compete in a market dominated by big budget blockbuster sequels?
- What does it take to be a top 20 title?
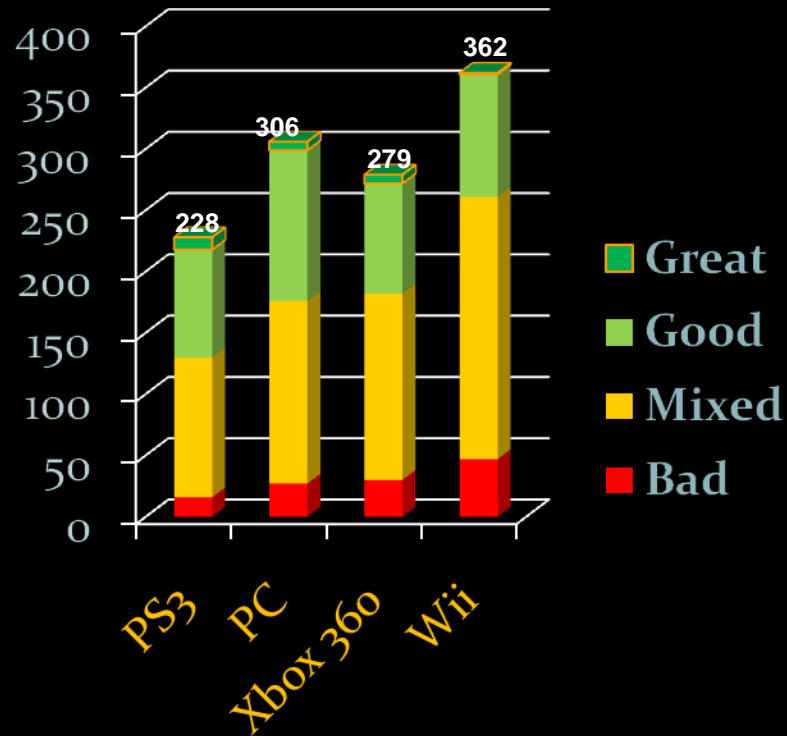

Taking on the Big Boys

Title Budgets

- How big does your dev budget need to be?
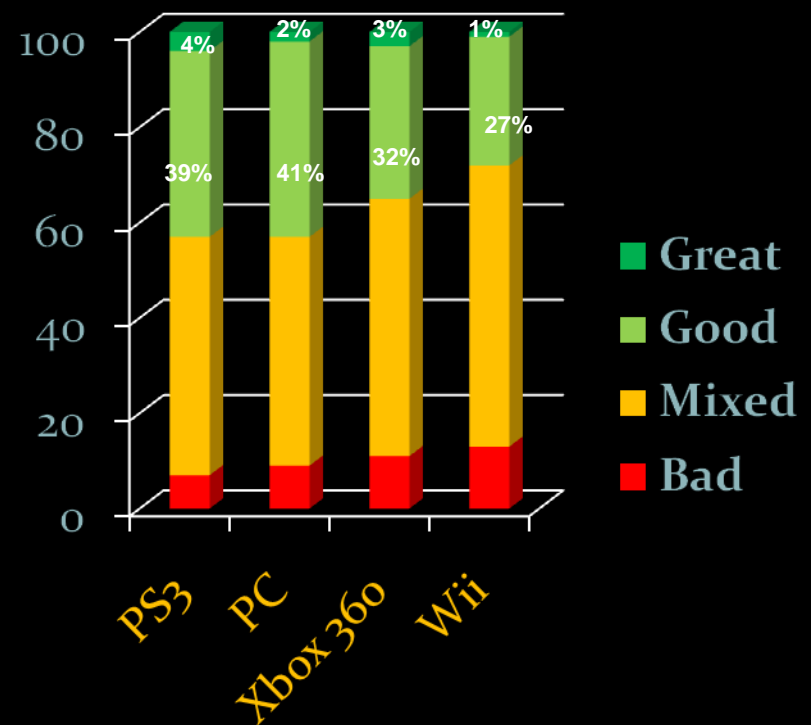- What are some strategies for managing a tight budget?

Big Budget

Tight Budget

Game Rankings in 2009

Only of few titles are rated Great

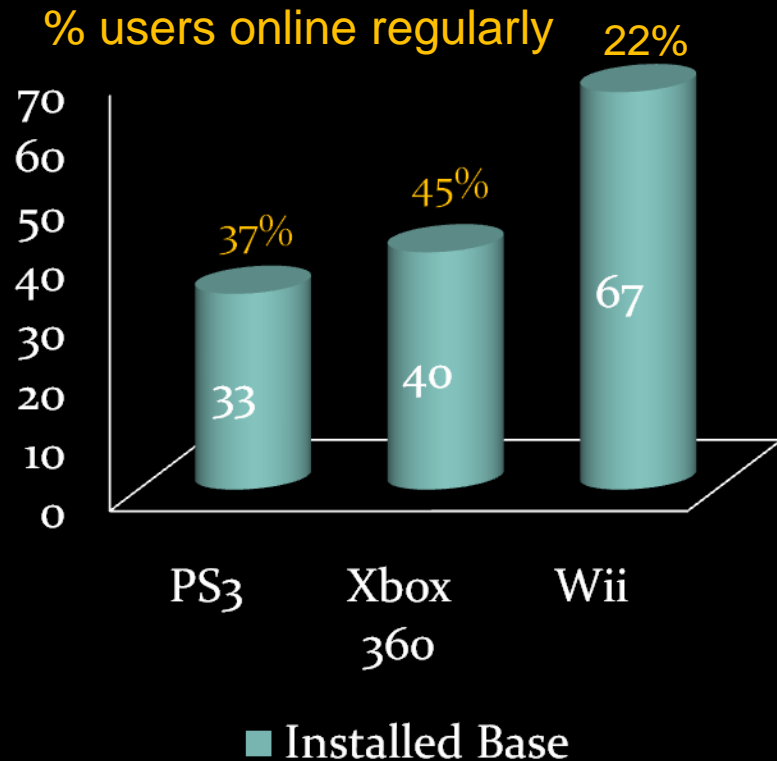| Title Ratings - Metacritic	Title Ratings by %

Quality

- How important is quality in today's market?
- How good does a title need to be?
- What are the key ingredients for top quality?
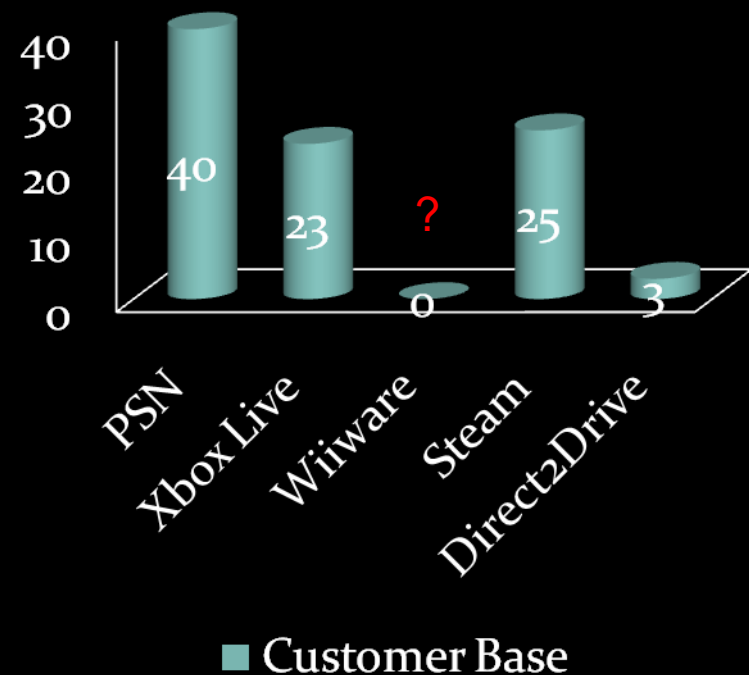- Do all titles/genres need top quality to be successful?

Console Online Opportunities

WW Console Installed Base (Units mil)

% users online regularly

PS3: 33 (37%)
Xbox 360: 40 (45%)
Wii: 67 (22%)

Installed Base

Online Customer Base (Mil customers)

PSN: 40
Xbox Live: 23
Wiiware: ? (0)
Steam: 25
Direct2Drive: 3

Customer Base

Console Opportunities

- Next Gen
- 3-D
- Motion Controllers
- Online
- OnLive
- Facebook
- Other Entertainment (film, music , toys, etc)
- Untapped territories

Online Opportunities

- Are there additional online opportunities for console games?
- How significant are these opportunities?

Studio Strategies to Win

- What are the best strategies to position your development studio to win in today's competitive market?