



All Points Bulletin – Reloaded

Design and Item Monetization Challenges
When AAA Games goes Free2Play

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www.reloadedinc.com

GAME DEVELOPERS CONFERENCE

SAN FRANCISCO, CA
MARCH 5-9, 2012
EXPO DATES: MARCH 7-9

2012

video clip

Q: If you spend \$70m developing a game, can you make that money back using a free2play model?

How we spent a few million dollars acquiring a \$70m Game, and what we did during during the next 18 months to pour blood sweat, tears and MORE money into redesigning it as a Free2Play® game... and why...

RELOADING APB – THE STORY



BACKGROUND INFORMATION A.K.A. WHO ARE WE?



1.0



gamersfirst® / K2 Network; our history as a Free2Play® Publisher

Our Published Titles
(initially "Made in Korea")



Amassed 30+
Million
Global Gamers



Our Investors



For 8 years
GamersFirst.com / K2
Network has been
the leading Western
Free2Play® Publisher
of Massively
Multiplayer Core
games, exclusively
monetized through
in-game transactions,
with 30 million
gamers mostly from
the Americas, Europe
and the Middle East.



2.0

“Reinventing the GamersFirst’s Mission”:

Reloaded Productions

By 2009 we had almost 6 years of Free2Play® MMO user behavior data, so launching our own development studio made logical sense...

2009

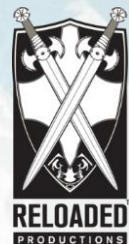
We started work on “Hailan Rising,” a persistent world MMO where PC, Mac, iPhone/iPad and Android players will co-exist in 2012.

2010

In November 2010 we took over the development of **APB Reloaded** from Realtime Worlds and launched Reloaded Productions Ltd in the UK.

2011

In May 2011 we acquired **Fallen Earth**, and launched a North Carolina division to convert it to free2play (went live on Steam 2 weeks ago!)



3.0

Next up: Reloaded Games (reloadedinc.com) (we will give you the platform)

- Giving developers tools and best practices to successfully publish free2play games (“assisted publishing”)
- 7 years of battle-tested infrastructure, tools, game analytics , payment aggregation and know-how.
- More long-term data than anyone else in the market on how hard-core free2play gamers behave.
- platform@reloadedinc.com



The emergence of Free2Play

A VASTLY COMPRESSED HISTORY OF ONLINE GAME MONETIZATION



From CompuServe to Free2Play in 1 minute; Online Game Business Models

1.0

Dial-up Charges

- In 1985 "Island of Kesmai" (CompuServe)
- 'Free to play-ish' but cost **\$12 per HOUR** using a 1200 baud modem
- 200 hours of gameplay = **\$5,000 in today's money**

2.0

Subscriptions

- In 1997, Ultima Online (first), followed by EveryQuest, WoW and countless other subscription. MMOs (APB included)
- \$50 upfront, plus \$9.95 - \$19.95 a month.

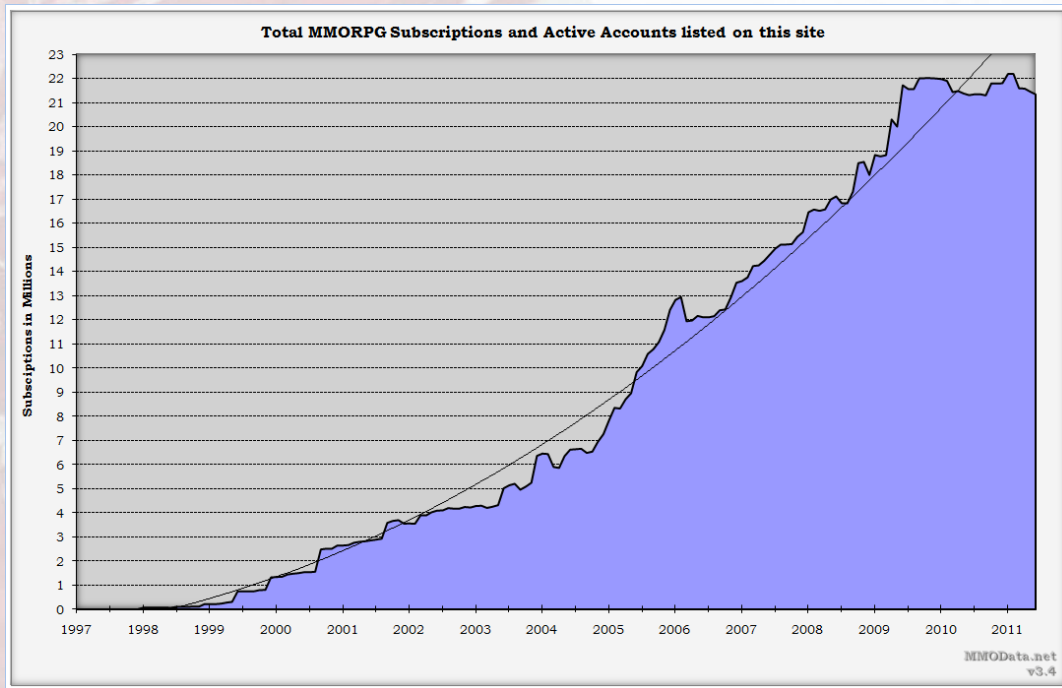
3.0

Free2Play

- In the early 2000s, today's Free2Play games (Ragnarok, Grenado Espada, LOTRO etc.) started as pay2play games, and transitioned over to Free2Play



MMO Subscriptions (v2.0) are flattening...

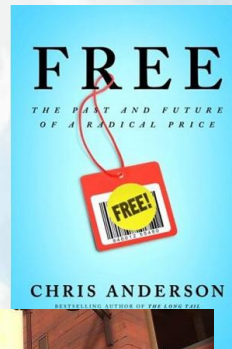


- In the second half of 2009 subscription games start to level off after reaching 22 million active monthly subs (accounting for just under \$3 billion in annual subscription revenues)
- **BILLIONS** – that's still a LOT of money...



What does it mean to be 'Free?'

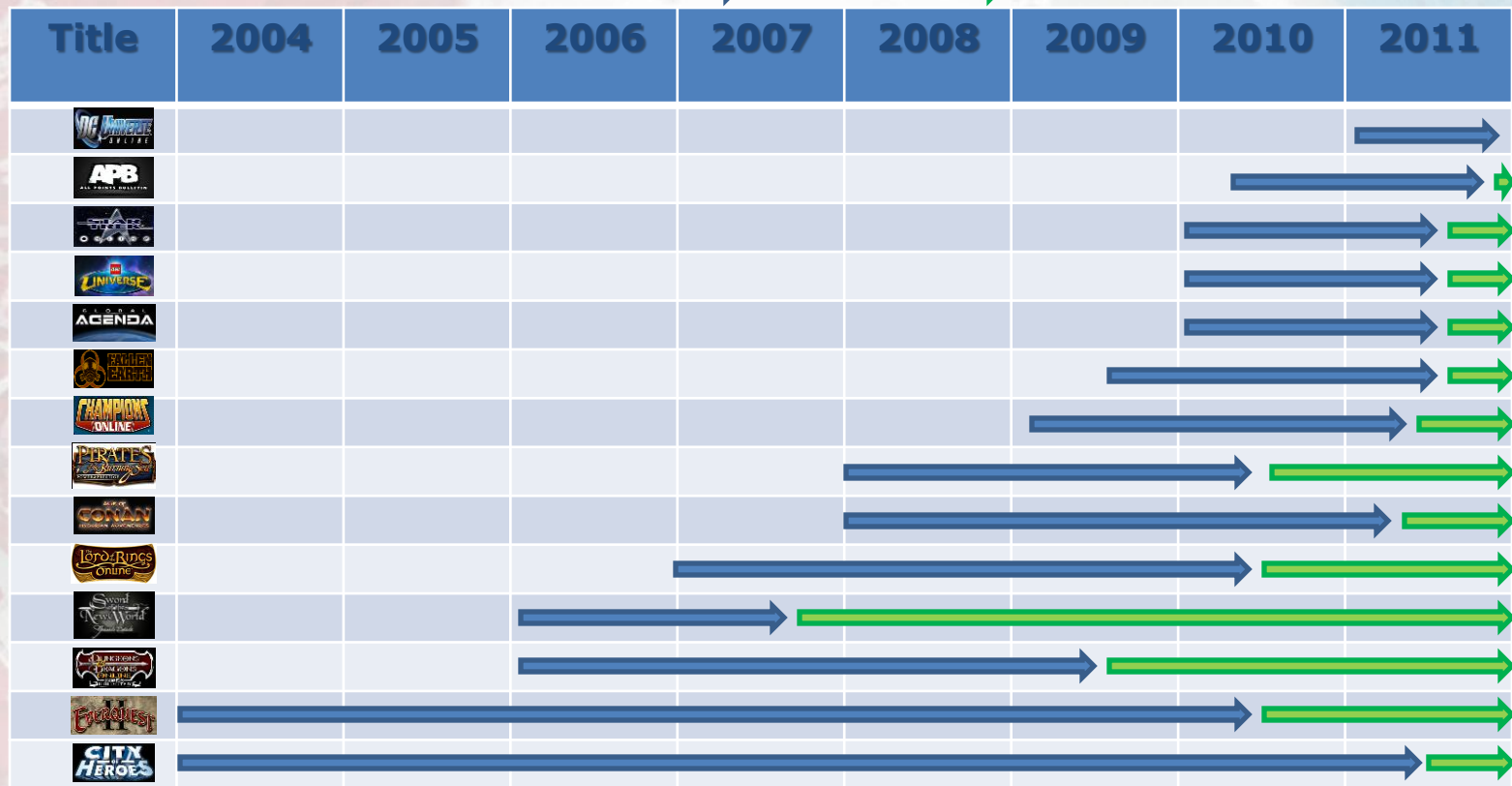
- Free is really just another distribution model (note: requires good infrastructure)
- If you rely on in-game transactions – you have to first and foremost create a **COMPELLING** game!
- = sad ☹ faces in the marketing department. No more 'cram- ware' games...



THE RUSH TO BE FREE in the WEST

Subscription

to Free2Play



Free2Play® ?

- Yep – the description of the multiplayer game service we provide in the West has in fact been our registered trademark since late 2005

FREE2PLAY

Word Mark FREE2PLAY

Goods and Services IC 041. US 100 101 107. G & S: Entertainment services, namely, providing competitive multi-player video gaming via a glc
FIRST USE: 20050115. FIRST USE IN COMMERCE: 20050115

Standard Characters
Claimed

Mark Drawing Code (4) STANDARD CHARACTER MARK

Serial Number 78779650

Filing Date December 22, 2005



Can it be done?

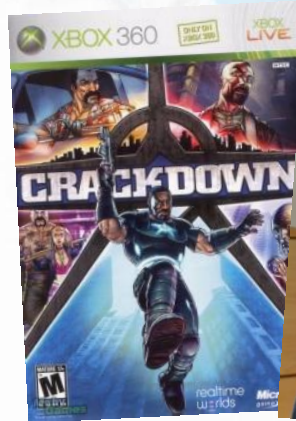
AAA + FREE2PLAY = VIABLE? THE APB EXPERIMENT



Where APB began...

Realtime Worlds did seem like a great place to work...

...having launched “Crackdown,” and being lead by Dave Jones of GTA and Lemmings fame, the place really did seem to have a bright future.



APB: Criminal vs. Enforcer sandbox MMOTPS



- Patrol the streets and bring criminals to justice as an **Enforcer** through raids and arrests.
- Or cause mayhem as a **Criminal**, mugging pedestrians, knocking over stores, stealing cars, and tagging walls.
- Make a name for yourself, **join a clan**, and rise in prestige or notoriety!

The premise: Criminals vs. Enforcers



APB
RELOADED

The premise: Criminals vs. Enforcers



APB
RELOADED

The Development Process

During 5 years of APB Realtime spent between \$60m and \$105m according to public data (so we're guesstimating **\$70m-ish went to develop APB** and the rest to Project MyWorld). This means APB spent well above it's official \$50m budget.



But large development budgets are nothing new...

- HALO 3: **\$55m** in dev (+\$200m in marketing)
- Metal Gear Solid 4: **\$60m**
- Gran Turismo 5: **\$80m**
- Grand Theft Auto 4: **\$100m**



Question:

**WHY DID APB APPEAR TO BE A
GOOD F2P CANDIDATE?**



video clip

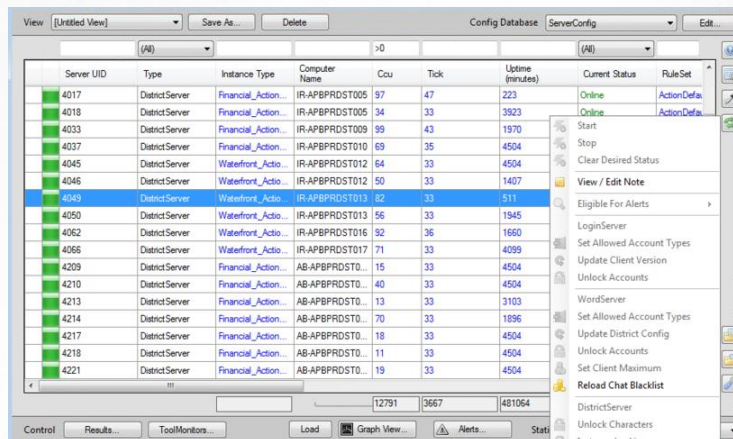
Answer:

**APB APPEARS TO HAVE A NATURAL
COLLECTION OF MONETIZABLE ITEMS!
IT COULD BE A GREAT F2P GAME!**



What did the dev money buy?

An amazing customization system, giant (partly procedural) Unreal maps, a built-in music studio, awesome sound tools and a great backend management system to handle a complex array of UE server instances with 10,000+ users per world with 100 players per district.



The screenshot shows a 'ServerConfig' window with a table of server instances. The table has columns for Server UID, Type, Instance Type, Computer Name, Cpu, Tick, Uptime (minutes), Current Status, and RuleSet. The instances are listed in descending order of uptime.

Server UID	Type	Instance Type	Computer Name	Cpu	Tick	Uptime (minutes)	Current Status	RuleSet
4017	District Server	Financial_Action...	IR-APBPRDST005	97	47	223	Online	ActionDefa...
4018	District Server	Financial_Action...	IR-APBPRDST005	34	33	2823	Online	ActionDefa...
4033	District Server	Financial_Action...	IR-APBPRDST009	99	43	1970	Start	
4037	District Server	Financial_Action...	IR-APBPRDST010	69	35	4504	Stop	
4045	District Server	Waterfront_Actio...	IR-APBPRDST012	64	33	4504	Clear Desired Status	
4046	District Server	Waterfront_Actio...	IR-APBPRDST012	50	33	1407	View / Edit Note	
4049	District Server	Waterfront_Actio...	IR-APBPRDST013	82	33	511	Eligible For Alerts	
4050	District Server	Waterfront_Actio...	IR-APBPRDST013	56	33	1945	LoginServer	
4062	District Server	Waterfront_Actio...	IR-APBPRDST016	92	36	1660	Set Allowed Account Types	
4066	District Server	Waterfront_Actio...	IR-APBPRDST017	71	33	4099	Update Client Version	
4209	District Server	Financial_Action...	AB-APBPRDST0...	15	33	4504	Unlock Accounts	
4210	District Server	Financial_Action...	AB-APBPRDST0...	40	33	4504	WordServer	
4213	District Server	Financial_Action...	AB-APBPRDST0...	13	33	3103	Set Allowed Account Types	
4214	District Server	Financial_Action...	AB-APBPRDST0...	70	33	1896	Update District Config	
4217	District Server	Financial_Action...	AB-APBPRDST0...	18	33	4504	Unlock Accounts	
4218	District Server	Financial_Action...	AB-APBPRDST0...	11	33	4504	Set Client Maximum	
4221	District Server	Financial_Action...	AB-APBPRDST0...	19	33	4504	Reload Chat Blacklist	

At the bottom of the window, there are buttons for 'Control', 'Results...', 'ToolMonitors...', 'Load', 'Graph View...', 'Alerts...', and 'Stat'.



Persona Studio; Create your avatar

APB's Character Studio :
lightyears beyond any other
MMO in the market

Gives player power to create
his/her perfect look (and
purchase additional
customizations from the cash
shop).

Design tattoos and clothing as
unique and detailed as anything
in the real world.



APB
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Vehicle Studio; create your ride



Customize every visual aspect of your vehicle, including custom wheels, spoilers, paint-jobs, symbols etc.



Music Studio;

Create, share and sell your songs

Music Studio

Powerful in-game music editor allows you to create your own custom music and share or sell the custom music to others.

Music Player

In-game music player with hundreds of songs in different styles – rap, rock, electronica, etc.

Players can also play their own MP3's in the game



APB's Original Business Model

- **Box Purchase: \$50-\$65** (depending on region) for the retail box (incl 50 hours of "Action District Time" and 100 RTW points = \$2.50 in the box)
- **Monthly: \$7 - \$9** (depending on region) for **20 hours** of "Action District Time" OR **\$10 - \$13** per month **unlimited** hours
- **Annual cost: \$170/year - \$220/year** (by region of sales)
- In short; APB was just another subscription MMO.

"APB is a flawed game [...] [but] the pay-as-you-go plan is a must have for future MMOs"

GamrReview on Aug 24 (6 days after the studio first 'downsized')

Wait – didn't Island of Kesmai do "Pay as you Go" during its CompuServe days? Is someone actually suggesting that as a model in 2012?

Sidebar: Why did "original APB" charge for "Action District Time"?

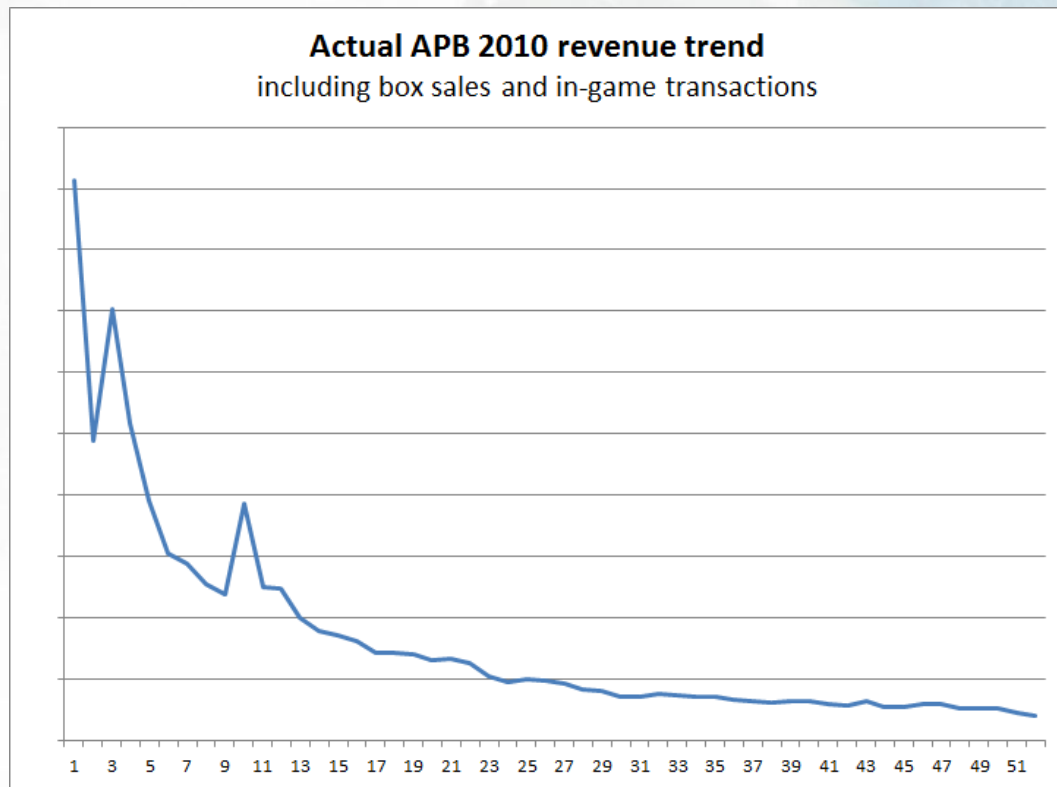
Action Districts cost 2.5x more to operate than Social Districts. The Social Districts DID offer a basic free experience without a monthly subscription (of course only after paying for the initial box).

Server architecture; 400 CCU for Action Districts but 1000 CCU for Social Districts per Quad X5570 physical server. Was cost part of the reason for the business model – with Social districts being 'free' after the initial box purchase?



What did the money NOT buy?

- Was it a fun game?
- In spite of the tremendous amount spent and great potential, APB's initial sales was very slim and dropping fast.
- Biggest complaint from players; you'd show up in the game and get creamed and feeling helpless. And the longer the game went on the worse it got. And people questioned the purpose of the mission system.



Remember the earlier comment...

- If you rely on in-game transactions – you have to first and foremost create a **COMPELLING** game!
- So.... Not a quick fix – eh?
- Try to just ‘toss in some items’? No?





APB Frustration-land...

**5 CORE DESIGN ISSUES BEFORE WE CAN
EVEN GO FREE2PLAY WITH APB**



Design issue (1): Mission System, and the “rage-loss” factor

- **Issue 1: The Mission System**
 - Automatically pairs you up with opponents
 - Automatically gives you missions to complete
 - Suggests groups for you to play with
- **Pros:** It's like a dating game, and the game has no traditional 'lobby'
- **Cons:** Removes player choice.

Risks groans of disappointment when an unpopular mission is assigned.

The mission structure also induces **rage**-when-losing



B
RELOADED

Design issue (1): Mission System

• Solution 1



- Make new maps and game modes that actually restore user choice. “Fight Club,” Racing, Clanwarfare and TurfWars become explicit user choices, and introduces less harsh loss-conditions.
- Leave the original “dating game” in place (it certainly has its occasional charm)



- **How hard to fix:** Extremely hard. We continue building “explicit choices” outside the existing system, and introducing fewer ‘last-second-loss’ conditions.

Design issue (2): Skill Ratings

- **Issue 2: Matchmaking and Skill Rating**
 - Original Skill Rating System = Premiership Style
 - 3 points for a win
 - 1 point for a draw
 - 0 points for a loss
 - Last 20 matches has more weight.
- **Pros:** Simple to comprehend
- **Cons:** Ouch, where to begin?

LEAGUE TABLE						BARCLAYS PREMIER LEAGUE									
Updated 16:58 11 th May 2008		Home					Away								
POS	NAME	P	W	D	L	F	A	P	W	D	L	F	A	GD	PTS
1	 Man Utd	38	17	1	1	47	7	10	5	4	33	15	+58	87	
2	 Chelsea	38	12	7	0	36	13	13	3	3	29	13	+39	83	
3	 Arsenal	38	14	5	0	37	11	10	6	3	37	20	+43	83	
4	 Liverpool	38	12	6	1	43	13	9	7	3	24	15	+39	76	
5	 Everton	38	11	4	4	34	17	8	4	7	21	16	+22	65	
6	 Aston Villa	38	10	3	6	34	22	6	9	4	37	29	+20	60	
7	 Blackburn	38	8	7	4	26	19	7	6	6	24	29	-2	58	
8	 Portsmouth	38	7	8	4	24	14	9	1	9	24	26	+8	57	
9	 Manchester City	38	11	4	4	28	20	4	6	9	17	33	-8	55	
10	 West Ham Utd	38	7	7	5	24	24	6	3	10	18	26	-8	49	
11	 Tottenham	38	8	5	6	46	34	3	8	8	20	27	+5	46	
12	 Newcastle	38	8	5	6	25	26	3	5	11	20	39	-20	43	
13	 Middlesbrough	38	7	5	7	27	23	3	7	9	16	30	-10	42	
14	 Wigan Athletic	38	8	5	6	21	17	2	5	12	13	34	-17	40	
15	Sunderland	38	9	3	7	23	21	2	3	14	13	38	-23	39	
16	Bolton	38	7	5	7	23	18	2	5	12	13	36	-18	37	
17	Fulham	38	5	5	9	22	31	3	7	9	16	29	-22	36	
18	Reading	38	8	2	9	19	25	2	4	13	22	41	-25	36	
19	Birmingham	38	6	8	5	30	23	2	3	14	16	39	-16	35	
20	Derby County	38	1	5	13	12	43	0	3	16	8	46	-69	11	

Design issue (2): Skill Ratings

• Solution 2

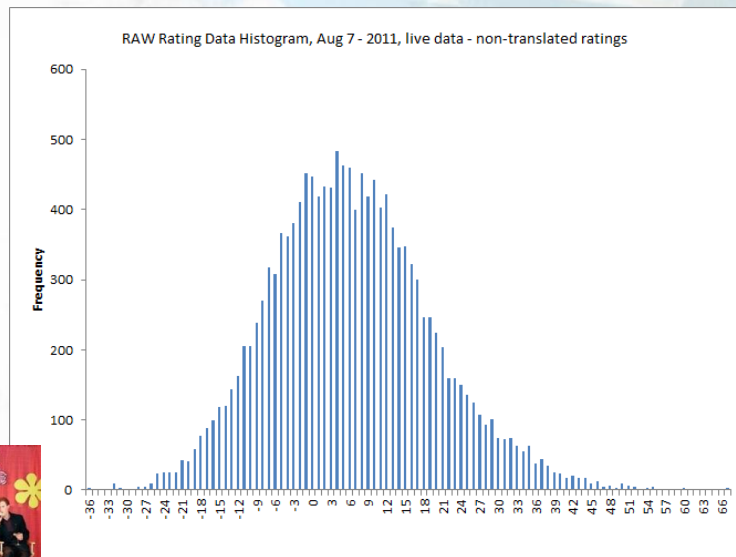
- Start over and create proper skill ratings based on an Bayesian inference rating system using both an anticipated skill level, and an anticipated uncertainty. Beat a higher ranked player and you gain in rank. Lose to a lower rated player and you drop in rank, with uncertainty reduced.
- Create N-way matchmaking based on likelihood of the game ending in a tie match.
- Group players in 100 person districts with like skill.

• How hard to fix?

- Hard

• Status?

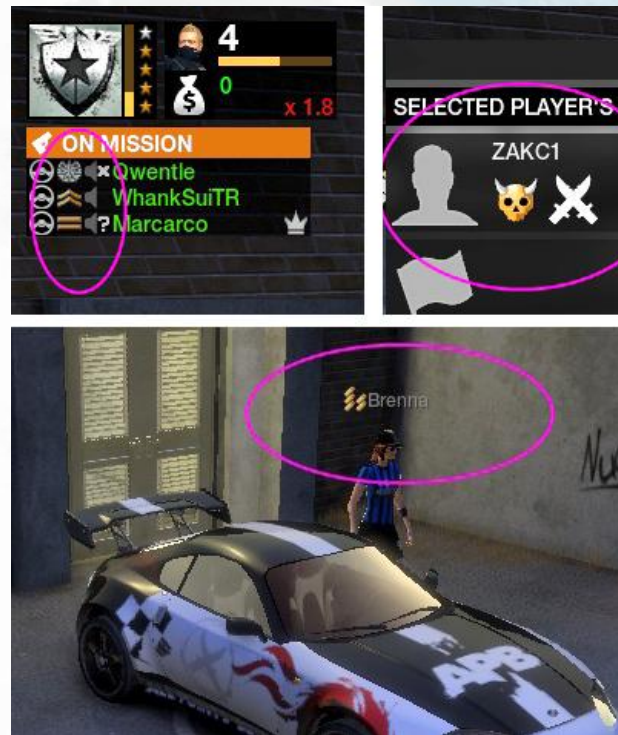
- Mostly solved, now the dating game has better quality dates (but more work to be done)



Design issue (3): Rewarding Bad Behavior

Issue 3: SkillRatings / Threat Levels

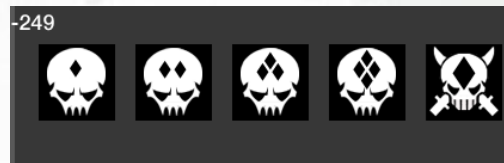
- Focusing on the the Wrong Behavior... (we solved issue 2 and made issue 3 worse)
- Insane focus (by players) on Threat Level (Skill Rating) encouraged MORE CHEATING!
- Original system had 15 'threat' (skill) levels. Then we made it 30 skill levels, which made the problem worse...



Design issue (3): Rewarding Bad Behavior

- **Solution 3**

- Sigh... Ok – starting over on the threat levels (“Skill Ratings”). In effect – **players “CANNOT HANDLE THE TRUTH”**
- The fix has been to create progression based public ratings (showing level 1 – 200+ in progression with only 4 colors signifying general skill levels; **GREEN, BRONZE, SILVER, GOLD**)



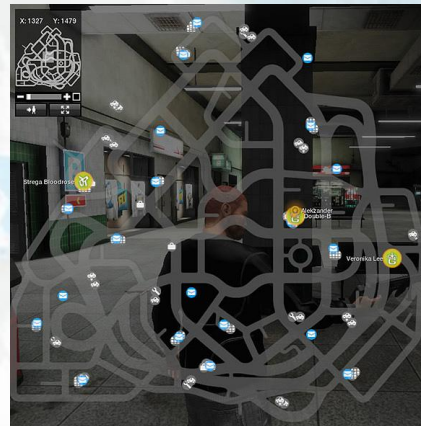
- **How hard to fix?**

- Very hard to spot. Not very hard to fix.

Design issue (4): Map inflexibility

- **Issue 4: Map inflexibility**

- Original Maps extremely large, but it is nearly impossible to iterate on core map layouts (underlying problem – reliance on hard-to-modify RWTech).
- **Pros:** RWTech and “The Living City” includes auto-track creation for streets, intersections, NPC cars and NPC walkers.
- **Cons:** Once the city is built – that’s it. Forget about iterating on chokepoints or camping spots on a building scale, or rapidly deploying new revised city blocks. Only option is to use props as modifiers



Design issue (4): Map inflexibility

- **Solution 4**

- Leave current maps alone. Build around them using new maps, and eventually build new maps with less RWTech dependencies (removes tracked NPCs as well).

- **How hard to fix?**

- Hard.

- **Status?**

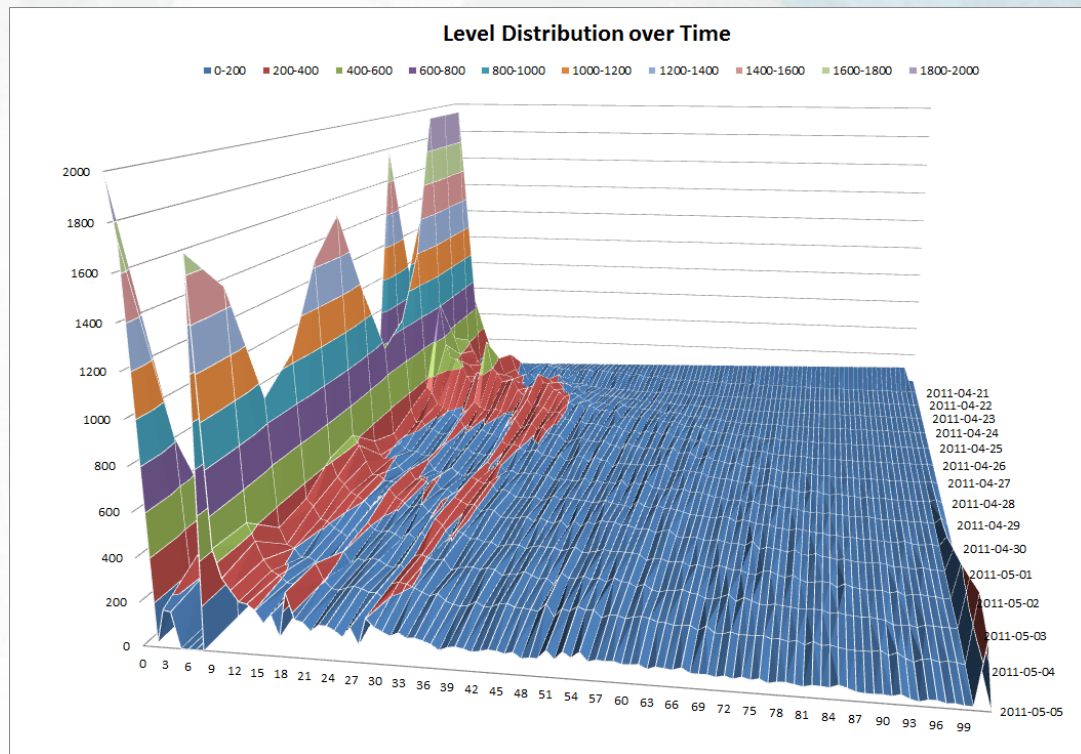
- We have released “Fight Club” and are working on “Racing” for late 2012 to help create more “Player Choices”



Design Issue (5): Lack of Signposts

Issue 5: Lack of “Signposts”

Initial APB Reloaded
Closed Beta data (see
chart) showed us it
was very hard for
players to “find their
way” past Level 10 in
the game (past
tutorial completion)



Solution 5: SignPosting, MetaGrouping and Auto Missions
as well as “Fight Club” matches, and even removing the tutorial!

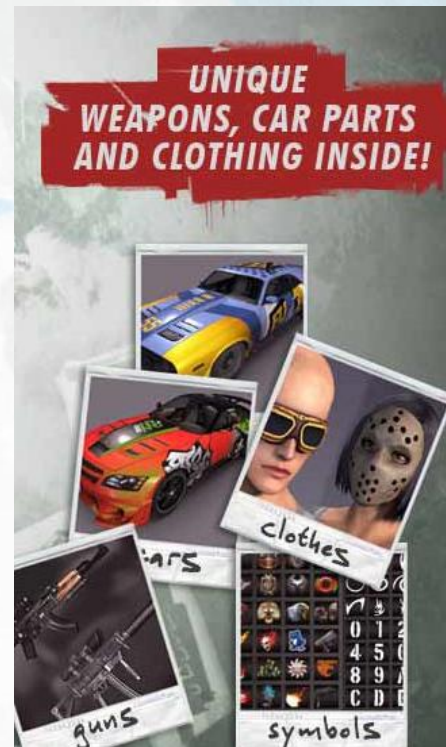


Other issues in APB (and in online games in general);

- **Cheaters**
 - Fortunately APB is a client-server game, so the worst that can be done is to help the player aim (as opposed to creating OSK situations that can exist in P2P games). But we are working on some pretty radical ways of handling aimbotters.
- **Scammers**
 - They exist everywhere. Example; selling 'bad-skin' cars in the in-game marketplace. Phishing attacks. Malware/keyloggers on café-computers.
- **DDoS-ers**
 - 14-16 year old angry teens have a tendency to try to take down your service. Don't ask why. We just have to live with it.
- **Game Optimization**
 - Giant game maps. Hard to optimize. Dislikes 32-bit Windows.



ARE WE FINALLY READY
TO SELL SOME ITEMS?



APB
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Pay Cash for Cars, Gear, Guns and 'Premiums' (avoid the grind)

bjornbook@gmail.com
View Purchase History

Your G1C Balance is 0





Featured	Premiums	Weapons	Vehicles	Gear	Services
FIGHTER PACK Price: 499 399 G1C Threaten, insult and punk the competition with the Fighter Pack. The Fighter Pack comes with the following: + Gothic Uppercase Font Learn More You need to be logged into	Goth Pack Price: 499 399 G1C Get your Goth on with the new Gothic pack! The Gothic Pack comes with the following: + Gothic Uppercase Font Learn More You need to be logged into	Street Pack Price: 499 399 G1C Represent with the new Street pack! The Street Pack comes with the following: + Tag Font Learn More You need to be logged into	Fedora Hat Price: 299 239 G1C Also known as the Tribby, this hat comes in male and female versions. Purchasing this item unlocks it in the clothing editor for you to deck your char ... Learn More You need to be logged into	Beret Price: 299 239 G1C This hat comes in male and female versions. Purchasing this item unlocks it in the clothing editor for you to deck your character out in style! + ... Learn More You need to be logged into	Gothic Lowercase Font Price: 999 159 G1C Get the complete Gothic lowercase font set now! ... Learn More You need to be logged into
Symbol Sheet 6 Price: 999 159 G1C Get the complete Symbol sheet 6 now! ... Learn More You need to be logged into					

APB Reloaded Cart

- Premium**
Price: 799 G1C
Duration: 30 days
- Character Slot**
Price: 639 G1C

You have qualified for a Premium discount
Subtotal = 1,438 G1C

BUY NOW!

Featured	Premiums	Weapons	Vehicles	Gear	Services
Premium  1199 Price: 799 639 G1C SPECIAL BETA PRICE: 799 G1 Credits Take your game to the next level! Pony up to premium and get the following benefits in-game: Learn More Add To Cart	STAR 556 'LCR' PR2  Price: 1999 1599 G1C LIFETIME LEASE (PERMANENT) A classic, the STAR 556 'LCR' is a weapon from the previous incarnation of All Points Bulletin. Wi ... Learn More You need to be logged into the game to purchase.				
'Shift' Espacio 94  Price: 1749 1399 G1C Shift used to camp out in a simpler one of these things, Decked out nice it was: plasma screen TV, games console, rack of sprayscans. Problem was, the ... Learn More You need to be logged into the game to purchase.	'BobCat' Vaquero PRC40  Price: 1749 1399 G1C An agile vehicle with exceptional acceleration, braking, grip and turning radius. Its small size limits its seating and cargo capacity. This special O ... Learn More You need to be logged into the game to purchase.				

**APB
RELOADED**

(1) Vehicles: Customizations and Power for sale



The vehicle category includes everything from custom rims to one-off specialized cars that can perform tricks none of the stock cars are capable of.

Therefore vehicles are a hybrid category between 'game affecting' and 'style and customization'

video clip

(2) Gear: Unique Content for sale

APB's content team continually creates new content that will be added BOTH to high level in-game progression, as well as to the cash-shop. Example; SWAT/riot gear



(3) Guns: Do guns trigger 'Pay to Win' issues?

- The moment you sell guns – you WILL be accused of designing a 'Pay to Win' game.

- APB has taken great pains to balance paid guns to be SPECIALIZATIONS not OP (religious debate will follow).

One of the best guns in the game is still the starter gun.

- The skill rating system will move people to the correct skill opposition, thereby equalizing all equipment upgrades.



(4) Premium Accounts – “the Western friendly subscription-like month-to-month bonus feature method” (WFSLMTMBFM?)

- **Pricing**

- \$9.99 first 30 days
- \$7.99 for additional 30 day periods

- **Example benefits (time savers);**

- 5X-10X customization limits
- 30-90% standing bonus
- 125% bonus APB\$ (game-currency) earned
- 20% cash-shop discount
- Increases mission reward chance by 100%.

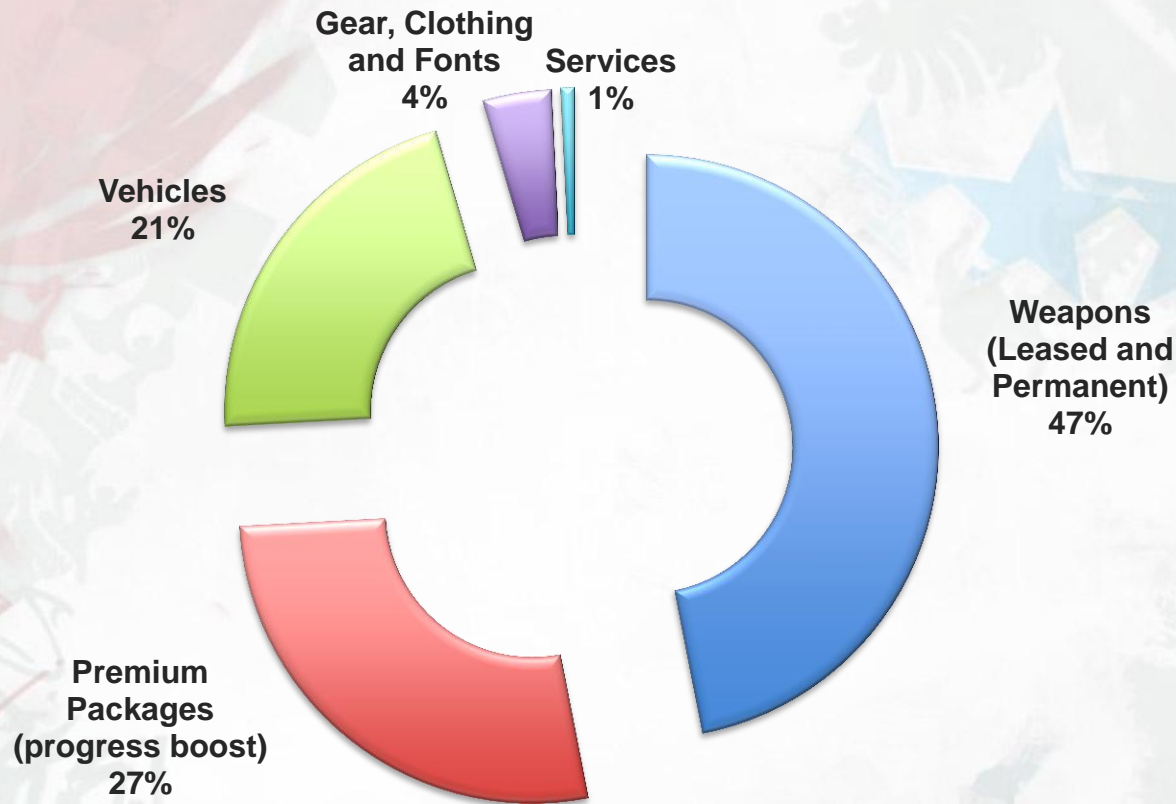


Two key questions...

- Can you design a monetization system that relies on 'cosmetics alone' and survive?
- Game Affecting (pay2win?) vs. Time Saving (?) and how does one draw the line?



Pop Quiz – top selling categories in APB?




Iterating and taking player feedback (or let's call it designing with anger in mind)

- On July 21 we introduced a **50% lower in-game earnings rate** for Free accounts, and a 125% earnings bonus for Premium (paid) accounts.
- On Aug 4 we introduced a 'friendly' reminder after each mission about just how much you were missing by not being a Premium Player.
- Predictably: The world exploded in RAGE!




Premium gives Benefits = You Suck!

 BladeArtist said...

The premium popups are tantamount to ransomware, plain and simple. (Ok sure it's not holding your entire computer hostage but it's essentially the same thing on a smaller scale)


On a supposedly F2P game that's just ridiculous. --

Just sayin'

August 10, 2011 10:44 AM 

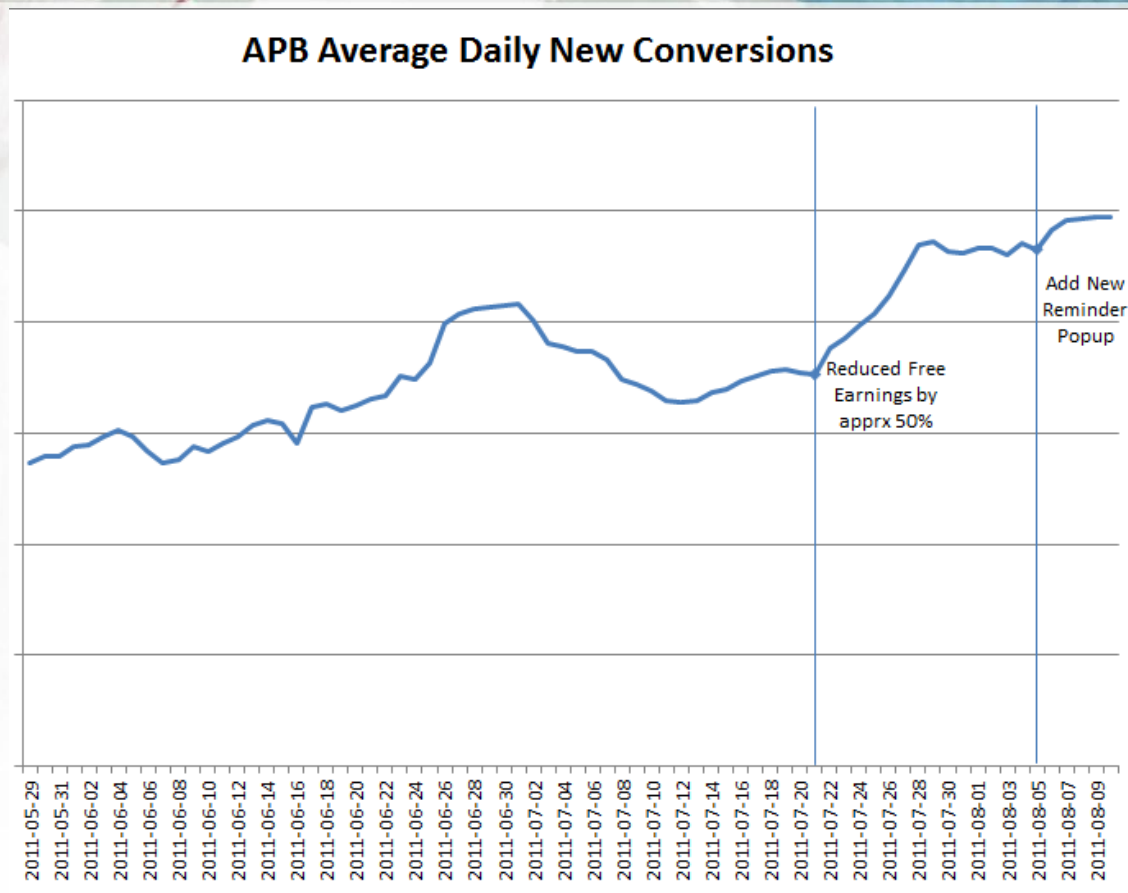


Tolga Şimşek The real problem now is the mission reward system... It gives like 600\$ after winning a mission... which means nothing. I respawn my car 2 times, and use 4 rockets = 600\$ already... so where is money for my grenades, where is the money for my bullets where is the money for 3rd car or 5th rocket?... This game wont live long enough if they make it "impossible to play as a free gamer"... I dont mind premiums have advantage but blocking free gamer's gameplay in a FREE TO PLAY game... is so different

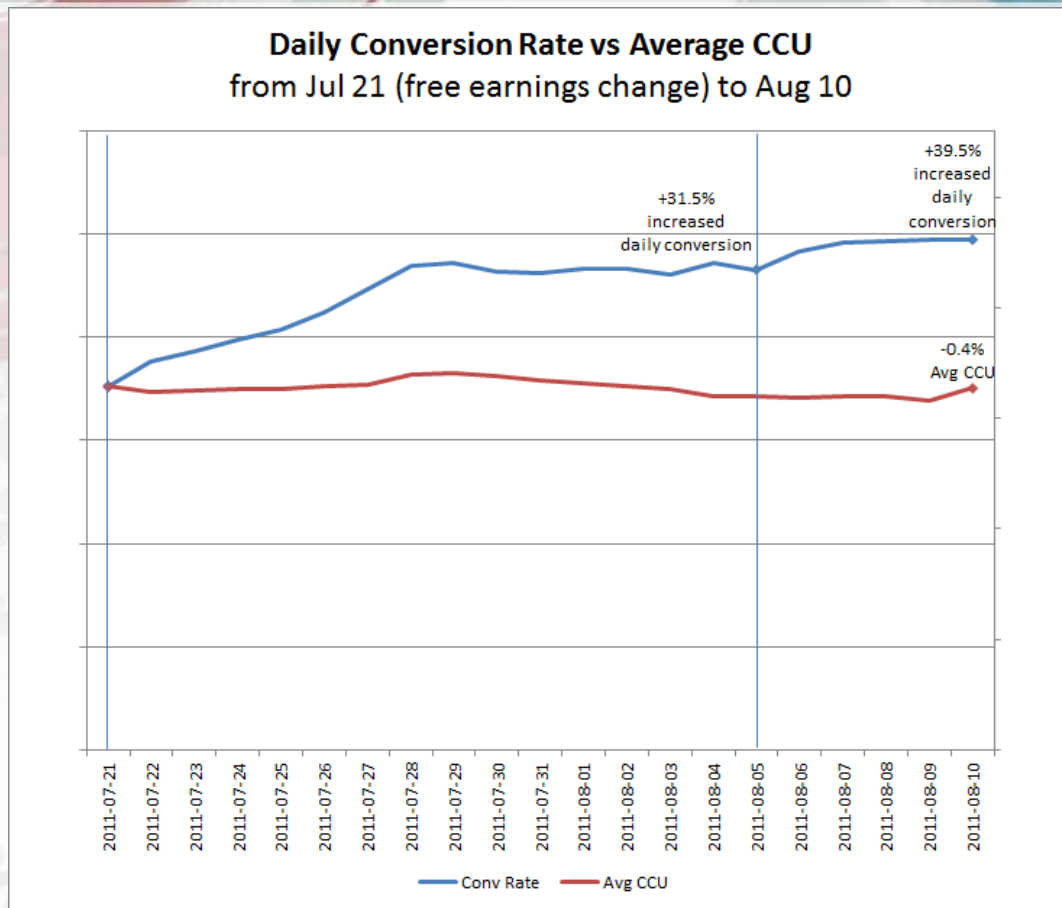
July 22 at 11:59pm · Like ·  7 people



Design changes driving conversions (and controversy)



Did we
affect
CCU
with the
popup?



Metrics Driven Design

- Always allow for the fact that what people complain about and what they do tend to be diametrically opposed.
- When we first started the cash shop, we found that the biggest complainers were also on average the biggest buyers. **ARPP is high!**



The New Business Model: Free2Play ®

What did Free2Play do for APB?

First: by removing the Buy To Play element, you remove the biggest barrier to entry.

Second: by having to re-examine the entire game design, we may in fact end up with a much BETTER GAME!

Third: Free2Play games (when successful) tend to have VERY long life-spans, and can be used to kick off the development of the next title.



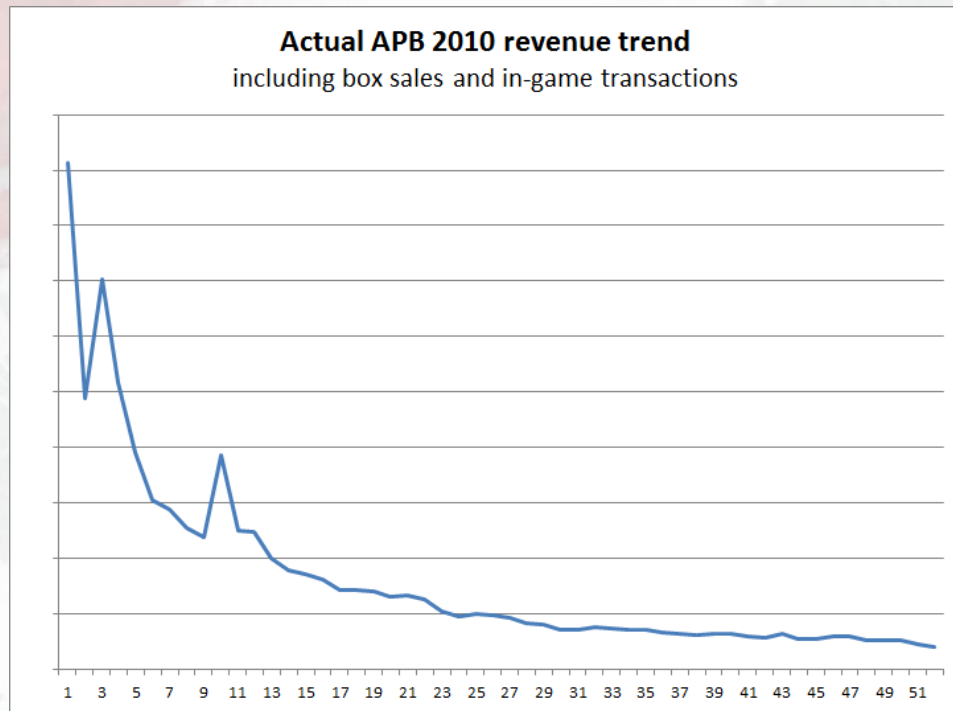
When is Peak Revenue for F2P?

- **Question:** So if some (or most) B2P games hit peak sales on Day 1 (or in some cases Day 0 with all the focus on pre-sales) – when does a F2P (historically) hit peak revenue?



- **Answer:** On average after day 1000+ (!)
- **Really?** Yup – between 3 and 4 years from launch!

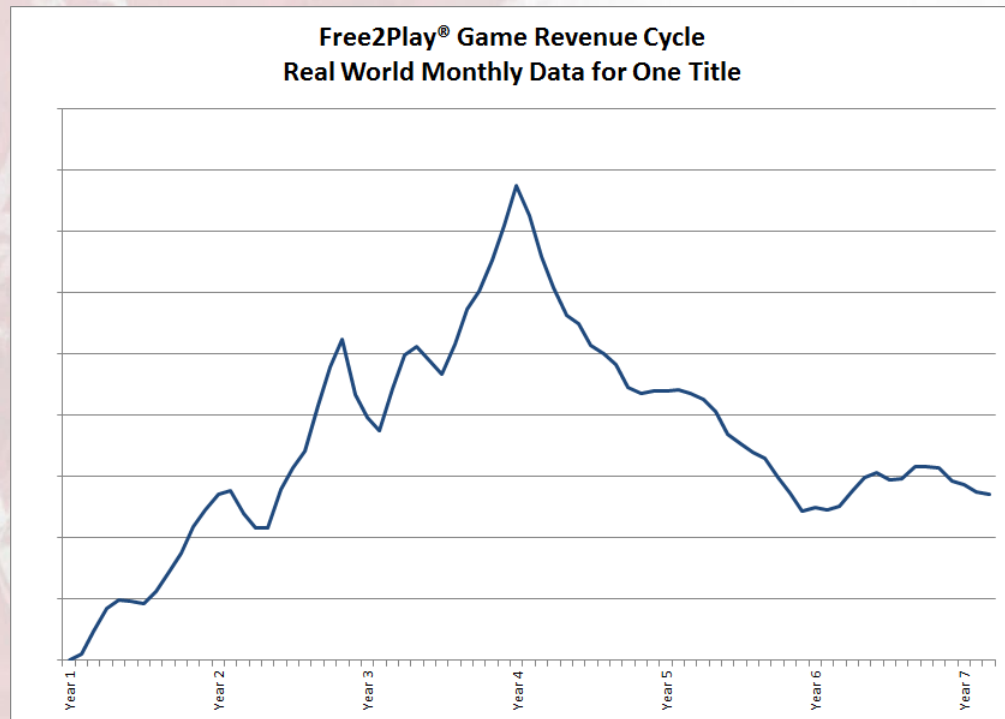
Actual “original APB” 2010 revenue trend



(peak revenue on day 1... but 95% lower revenues by day 52)



An actual Free2Play Revenue Model

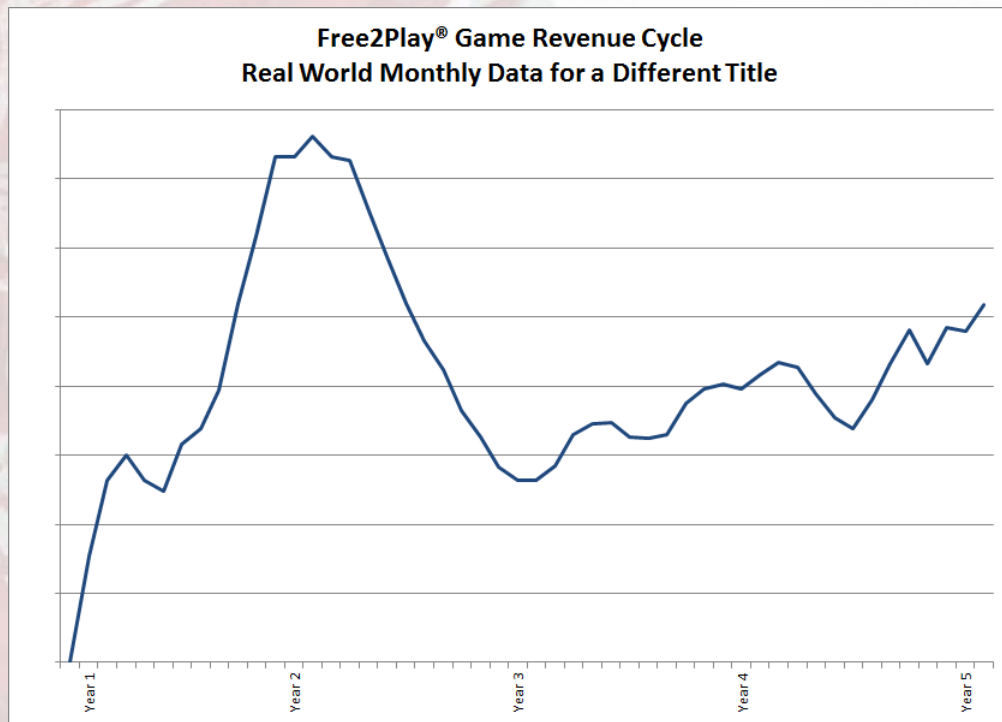


In this particular game we hit a revenue peak at the end of year 3 and start of year 4 (1000+ days)

In this particular 'mid-level' 7-year game;
\$80m revenue
during its lifespan



Odd revenue trends for 'some' F2P games The Free2Play Revenue Model in flux



In this game we had two peaks, one at end of year 1 and one in year 5 (!)

How do you plan for Peak Revenue

- **Question:** How on earth do you plan for Peak Revenue that might be years away?
- **Answer:** Make sure you have the staying power to FIND all the different answers that your Players will ultimately ask (in the form of increased and decreased participation and payments by the players).
- **Follow on question:** how do you go out and raise money for this model?
- **Answer:** convince your investors to not panic and to think VERY long term.
- Does that argument work? Sometimes...



The Real-Life Data Points

50 days of “original APB”

- **140,000** live accounts (sold?)
- **20,000** Facebook Likes
- Conversion rate: 100% minus retail stuff...
- In days 1-10 revenue was 10x the size of the revenue in days 42-52
- \$7m gross? \$3.5million to developer?



The Real-Life Data Points

50 days of “APB Reloaded”

- **548,017** players in first 50 days of OB
- **254,080** Facebook Likes in the first 50 days
- First month conversion rate: **4%**
- Current month conversion rate: **7%**
- Target conversion rate: **10%**
- **Current ARPPU per month: \$30/PPU**

(Secret Benchmark: For F2P RPG games we expect \$40-\$100 ARPPU depending heavily on game design and breadth of adaptation (narrow audience games can have much higher ARPPU), for FPS/TPS style games we expect \$20-\$50 ARPPU)



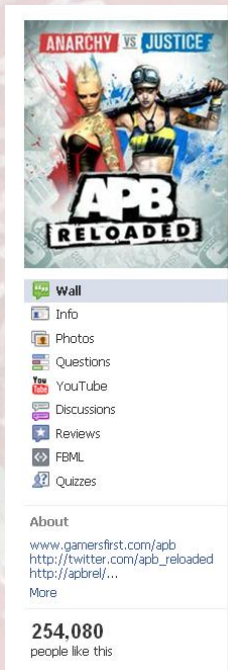
The Real-Life Data Points

what does it mean for a F2P game?

- **4X** the number of players
- **12X** the number of Facebook Likes
- “Original” game still ahead revenue wise after 50 days, since F2P starts out with generally small revenues.
- Of course “new” revenue curve sustainable, whereas “old” was not
- F2P uses 2X-4X more servers than the ‘paid’ model.



APB Open Beta Facebook Rankings – 50 days from start of Open Beta (!) (beauty contest?)



Title	"Likes" (July 10)
APB: Reloaded	254,080
Rift	227,161
Guild Wars 2	207,036
LOTRO	185,980
Silk Road	142,076
Battlefield Play4Free	125,825
Atlantica Online	120,198
Eve Online	115,707
World of Tanks	87,079
Star Trek Online	82,365
Dungeons & Dragons Online	62,376



Could APB have worked as free2play from the start?

THE \$70M DOLLAR QUESTION



Could the game, if it was free2play from the start, have justified a \$70m investment with its untested core mechanic?

- Our conclusion so far – **NO**... (maybe a \$5m 'test' would have been great)
- BUT – with all our F2P enhancements, we still estimate the game over its expected multi-year lifespan will still generate over \$60m+ in revenues.
- BUT - keep in mind that ongoing operation costs consume a large portion of those revenues.
- With further game-play enhancements we expect the game to be a 'reasonable' free2play success.
- BUT – of course I hope to be proven wrong, and the game, with just 'one more change' in gameplay will be a full-on smash hit!



Conclusion

- Consider and **plan for long-term changes to game mechanics**.
- Peak Revenue for F2P games can be **2-5 years out**. Cycle IS speeding up.
- **Game FUN** and **player control** are still the most critical success factor, but feel free to make Free games more grindy and slow (you NEED players to convert)
- Permit **quick iterations** and **MEASURE** the effect in-game using detailed metrics.
- Launch '**almost before**' the game is ready to see what players actually DO in game. Use good analytics and metrics (as opposed to what players SAY), and be ok with NOT having all the features at launch.
- Make sure you have a **4-8 year plan** to support the game
- And most importantly:





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