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IDEA

INTERNATIONAL DIGITAL ENTERTAINMENT AGENCY

A Global View of The Games industry...From Space



Global Play
Play Global



IDEA

INTERNATIONAL DIGITAL ENTERTAINMENT AGENCY

Sean Kauppinen

15+ years experience in the games industry
Sony Online, Ubisoft, 3dfx, bleem!

Widely respected corporate strategy, business development and communications strategist

Has acted as CEO and advisory board member for multiple start-ups

Launched more than 400 titles to date

Strategy

Business development

Corporate communications

Product PR

Investor and financial relations

Marketing

Online games expertise (more than 20 MMO titles)

Global view due to frequent international travel and contacts (Europe, Asia, North America)

Serves on advisory board for GDC Europe

It's a big, global market

There are 11 countries that have annual video game revenue in excess of \$1 billion

The Video Game Market will Reach \$57 Billion in 2009

PC online game revenue passed \$7 billion in 2007, not including retail sales

PC gaming revenue will hit \$19 billion by 2013

The Industry has Changed A Lot In 10 Months

Less large projects (Publisher balance sheet vs project)

The Industry has Changed A Lot In 10 Months

iPhone

The Industry has Changed A Lot In 10 Months

Social networking games

The Industry has Changed A Lot In 10 Months

Flight to quality AND cost

The Industry has Changed A Lot In 10 Months

Truly global - skills are developing everywhere

The Industry has Changed A Lot In 10 Months

Flight to quality AND cost

Platforms

Console

PC

Handheld

Social Gaming

iPhone

Xbox 360

Install Base = 30 Million worldwide (an increase of 28% over 2008)

More than 20 Million Xbox Live members

US consumers have spent
\$14.5 billion on Xbox 360 at retail



Xbox 360

Opportunities

Largest of the online networks for digital console distribution

Works better/faster with a publisher behind you

Sales likely 20-30K units, but as high as 150-200K units

Smartly announced Facebook and Twitter at E3

PlayStation 3

Install Base = 22.5 Million

24 Million online users of PlayStation Network

11 Million online users in the US

6.5 Million active in PS Home

250 Titles available for download

90 download titles are exclusive



PlayStation 3

Opportunities

Platform tends to not be the first thought for developers other than large AAA-focused (and well funded) teams

Download is an opportunity, but IP ownership is still a huge issue

Probably the easiest of the platforms to get concept approval at this time

Wii

Opportunities

Install base = 50.5 Million

Difficult for anyone to make money
...other than first party titles

Nintendo has regained their NES form

WiiWare is an opportunity, however it tends to be part of a
cross-platform download strategy



PC

Opportunities

Ubiquitous platform

Casual and online games are seeing growth, where standalone retail is losing shelf space

Attractive business models with free-to-play and time-based games create cash flow

No controls whatsoever for quality

Social Gaming

Opportunities

Facebook has more than 150 Million users

This is the place to reach the mass-market with the lowest risk and barrier to entry

Title fatigue hit a bit in 2008, Zombies, Pirates, Ninjas

Monetization shift from advertising to micro-transactions

If you can do viral marketing, you are a publisher

PSP

Opportunities

Install Base = 48 Million

New PSP Go provides online capability – watch for the App store

Pretty much considered dead before PSP Go by most publishers

Digital download is huge

Nintendo DS

Opportunities

Install Base = 104 Million

Too many titles available (just like DS)

US publishers aren't signing projects and European ones tend to make money off of a single region – everything else is extra

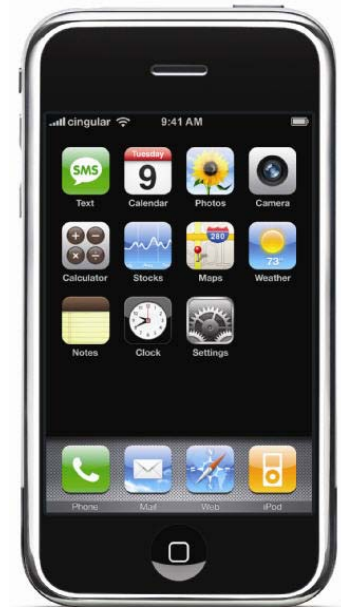
iPhone

Opportunities

Install base = 30 Million iPhones and iPod Touch devices

The market for titles on these platforms is growing

But...because of the low quality of many of the titles, and lack of quality control standards, consumers will become increasingly weary of trying and buying these titles



World Markets

China

Continental Europe

North America

Latin America

China

China's Online Game Market was \$2.75 Billion in 2008



China's Online Game Market will reach \$3.8 Billion in 2009

Source: Niko Partners

China

The total Chinese Game Market will grow to \$8.9 Billion in 2013

Massively Multiplayer Online Games (MMOGs) accounted for 77% of 2008 online games revenue

Advanced casual and casual games accounted for 23% of 2008 online games revenue

China

Webgames and games on social networking sites are expanding the casual game segment, offering more games to new and casual gamers as well as to hardcore gamers who play MMORPGs

Sales of next-generation game consoles continue to climb, though entirely via illegal imports as there has been a ban on consoles since 2000

China

In 2008 there were 58 Million gamers in China

By 2012 the number of online gamers should reach 119 Million

The models are micro-transactions and time-based

Marketing teams define the strength of the operator

Continental Europe

Development costs are very high compared to the rest of the world

Focus on more, smaller titles rather than large risks

Smaller developers and publishers are going under which is a sign of a major market shift

North America

68 percent of Americans play computer or video games



The average age is 35

North America

Who Plays:

25% of game players are under 18

25% of game players are over 50

60% are male, 40% female

On average, adult gamers have been playing for 12 years

42 % of U.S. homes have a game console

North America

Who Buys:

Average age of most frequent purchaser is 39

52 % of purchasers are male, 48% female

92% of the time a parent is present during purchase

83% of the time kids receive parental permission before purchasing

43% of Americans have purchased or plan to buy one or more games in 2009

North America

Content:

57% of games sold in 2008 were rated E or E10+

16% were rated M (17 and older)

Among Top 20 best-selling console games of 2008, 6 were rated M (GTA IV 360, GTA IV PS3, CoD WaW, GoW2, CoD4 MW, Fable II)

Among Top 20 best-selling PC games of 2008, 5 were rated M (Age of Conan, CoD4 MW, Fallout 3, CoD WaW, Crysis)

37% of Americans play on wireless devices such as mobile phones and PDAs

Latin America

The market is besieged by pirates

Zeebo platform is the great hope (digital distribution over wireless)

Many pockets of developers looking to create local content to drive the market

The Future

Smaller projects until August/September

The Future

Less publishers signing projects.....
Self-publishing is rising

The Future

Digital download is becoming ubiquitous

The Future

Film Finance funding is emerging

The Future

Co-Production and risk

The Future

Slimmer core teams = lower burn

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