Business Models for Network Distributors: Computer/Video Games

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Trymedia: The Largest Digital Game Distributor

Publishers
- ValuSoft
- Atari
- Activision
- pogo
- Vivendi Universal

Portals/Carriers/Retailers
- ALNET
- AOL
- AOL Games
- Yahoo!

Who's Buying Downloadable Games

<table>
<thead>
<tr>
<th>Core Gamer</th>
<th>Casual Gamer</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Year Old</td>
<td>45 Year Old</td>
</tr>
<tr>
<td>Predominantly Male</td>
<td>Predominantly Female</td>
</tr>
<tr>
<td>$60K/Income</td>
<td>$35K/Income</td>
</tr>
<tr>
<td>80% North American</td>
<td>50% North American</td>
</tr>
</tbody>
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Business Models in Online Gaming

- Download/Sale
  - Dominant Model, Growing Fastest
  - Preferred by Consumers
- Subscription Services
  - MMOG/Casual Games
  - Preferred by MSOs/ISPs
- Advertising Revenue
  - Hot Sector, Additive
  - Preferred by Portals

U.S. Online Games Revenue, 2006

N=$2.8Bn USD

The Value Chain

Publishers/Developers

Distributors/Technology

Portals/Sites

Publisher Sites

5-20%

60-70%

10-25%
Distribution Technology & Services

- Catalogue of core & casual games
- Complete service and licensed options
- Reporting
- Publisher leverage

Games & P2P Distribution

**That Was Then:**
- I was the first person to post legitimate (for-sale) content to a P2P network, back in 2000
- Trymedia first made games available via KaZaa in 2001
  - Natural extension of our technology (superdistribution)
- Game publishers didn’t object/didn’t embrace

**This Is Now:**
- Over 250 titles available on P2P Networks
- Most of the top publishers use P2P
  - Some “chaff”, others sell. Big movement toward selling
- “Casual Games” (e.g. Hearts) increasingly interested in P2P
- Digital distribution of PC games will become the main sales channel within the next 2-3 years.

Why the Games Industry Doesn’t Hate P2P

- Technology innovator "credibility" is important
- Developers are largely libertarian
- Industry cannot afford to anger its customers
- Need for alternative distribution channels
- They know the networks are not going away

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