

Business Preposition

- Massive Multipayer Online Games -

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Section I: Introduction

What is a massively multiplayer online game?

The Wikipedia¹ does describe a Massively Multiplayer Online Game (MMOG or MMO) as a computer game which is capable of supporting hundreds or thousands of players simultaneously, and is played on the Internet. Typically, this type of game is played in a giant persistent world.

MMOs enable players to compete with and against each other on a grand scale, and sometimes to interact meaningfully with people around the world. Almost anyone who enjoys video games or human interaction can enjoy an MMOG.

Overview and history

The most popular type of MMOG, and the sub-genre that did much to pioneer the category, is the massively multiplayer online role-playing game (MMORPG). MMORPG's descend from university mainframe computer MUD and adventure games such as Rogue on the PLATO System and Dungeon on the PDP-10 that pre-date the commercial games industry.

Commercial MMORPGs gained early acceptance in the late 1980s and early 1990s. The debuts of Ultima Online and EverQuest in the late 1990's popularized the MMORPG genre. The growth in technology meant that where Neverwinter Nights in 1991 had been limited to 50 simultaneous players (a number that grew to 500 by 1995), by the year 2000 a multitude of MMORPG's were each serving thousands of simultaneous players.

On PCs, the MMOG market has always been dominated by successful fantasy MMORPGs. Science fiction has also been a popular theme, featuring games such as Anarchy Online, Eve Online, Star Wars Galaxies and The Matrix Online aswell as Mankind.

Comparing MMOGs to other computer games

There are a number of factors shared by most MMOGs that make them different from other types of computer games. MMOGs create a persistent universe where the game continues playing regardless of whether or not anyone else is. Since these games strongly or exclusively emphasize multiplayer gameplay, few of them have any significant single-player aspects or client-side artificial intelligence. As a result, players cannot "finish" MMOGs in the typical sense of single-player games.

Most MMOGs also share other characteristics that make them different from other multiplayer online games. MMOGs host a large number of players in a single game world, and all of those players can interact with each other at any given time. Popular MMOGs might have thousands of players online at any given time, usually on a company owned server. Non-MMOGs, such as Battlefield 1942 or Half-Life usually have less than 50 players online (per server) and are usually played on private servers.

¹ Wikipedia, The free Encyclopedia - <http://en.wikipedia.org/wiki/MMOG>

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In a new MMO development, the space sim Eve Online² has up to over 25,000 people playing simultaneously on one server. This is different from most other MMOs that might have a larger player base, but spreads the players over a large number of servers.

There are also a few more common differences between MMOGs and other online games. Most MMOGs charge the player a monthly or bimonthly fee to have access to the game's servers, and therefore to play online... which means that a permanent internet connection is required to play the MMOG. Also, the game state in an MMOG rarely ever resets. This means that a level gained by a player today will still be there tomorrow when the player logs back on. MMOG's often feature ingame support for clans and guilds. The members of a clan or a guild may participate in activities with one another, or show some symbols of membership to the clan or guild.

What is a massively multiplayer online real-time strategy game?

Massively multiplayer online real-time strategy (MMORTS) is a category of computer games that combines real-time strategy (RTS) with a large number of simultaneous players over the Internet. It is a type of massively multiplayer online game.

Example MMORTS games include Shattered Galaxy and Mankind. Project Visitor combines overhead army control of RTS with first-person combat (for example, for defensive/offensive respectively). Majorem's Ballerium tries to generate a closer RTS experience for the MMO category. Other games that have been called MMORTS include DarkSpace, Time of Defiance and Eschaton are turn based 2D MMORTS that get played through a javascript-enabled web browser.

As such, real-time strategy³ (RTS) is a genre of computer games characterised by being wargames ("strategic") played in real-time in which resource gathering, base building, technology development and the player exerting direct control over individual units are key components.

RTS titles are strategy wargames which do not involve "turns" like conventional turn-based strategy video or board games. Rather, game time progresses in "real time": that is, it is continuous rather than turn-by-turn. While the word "strategy" originally referred to higher-level warplanning (armies, campaigns and entire wars) in RTS games individual units or persons are given orders; also integral to the gameplay of RTS games is production-economic aspects (resource gathering, manufacture and positioning of buildings, production of units, etc), and though combat confrontation is a significant part of RTS gameplay.

Section II: MMOG market in North America and Europe

Interactive entertainment takes in about \$9 billion dollars in the USA alone. Games are expected to surpass film box-office revenues in the next couple of years, making it the fastest growing segment of the entertainment market.

Game developers creative work has a wide reach. According to the ESA, 60% of all Americans age six and older, or about 145 million people, play computer and video

² Eve Online – <http://www.eve-online.com>

³ Wikipedia, The free Encyclopedia - http://en.wikipedia.org/wiki/Real-time_strategy

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games. And 35% of all Americans identified computer and video games as the most fun entertainment activity. That's more than television (18%) and movies (11%) combined. In what other industry could you have this much fun, challenge yourself, and reach the hearts of countless fans? None.

The mmogchart.com⁴ market research does divide the MMOG history into the following ages:

The Golden Age: January 1997 – April 2001

This represented an early Golden Age of MMOGs, where Ultima Online (UO), EverQuest (EQ) and Asherons Call (AC) all showed unrestrained growth. Although The Realm eventually did fade from the scene, generally speaking the games were not cannibalizing the subscribers from others. The size of the market was largely unknown, and the initial success of the early entrants inspired many other companies to begin developing MMOGs of their own.

The Age of Transition: May 2001 – April 2002

This was a transition period. The growth rates of EverQuest and Asherons Call slowed dramatically, UO actually begins to lose subscribers, and a variety of new MMOGs entered the fray with varying degrees of success.

Anarchy Online (AO) and Dark Age of Camelot (DaoC) were getting a lot of strong pre-release press. Long-time players of UO, EQ, and even AC now had alternatives they never had before. While some subscribers may maintain accounts on multiple MMOGs at once, the majority of online players really only have time to devote to one MMOG at a time. And so the changes began... Although AO did have some troubles post-launch, DAoC was a runaway success. Is it really likely they found 200,000+ new customers interested in online fantasy.

Extrapolating the previous trends of EQ and UO, EQ should have had some 550,000 subscribers by June of 2002 and UO nearing 300,000. This was the first indication that the fantasy MMORPG market was becoming saturated.

The Age of Competition: May 2002 – October 2004

This was a tough period for the MMOG market. While the overall size of the market continued to grow in 2002 and 2003, the competitive picture grew worse. Many MMOGs in development were delayed or outright cancelled. Older games struggled to retain their subscribers, usually shrinking, recovering, and then slowly shrinking again. Most of the new MMOGs that did enter the market in this time period did not achieve their subscription goals, and a few had to shut down operations. While there were a few bright spots – Final Fantasy XI, RuneScape, Eve Online, and City of Heroes – between May 2002 and May 2003, the market grew by less than 8%, and between January 2004 and October 2004, the market grew by less than 2%. Towards the end of 2004, things were starting to look pretty bleak.

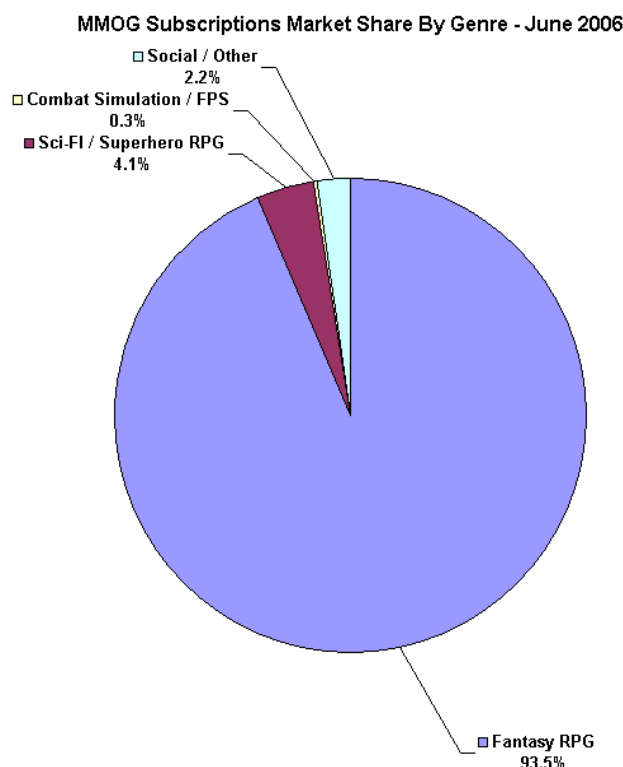
⁴ MMOGCHART.COM – <http://www.mmogchart.com>

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The Age of Warcraft: November 2004 – Today

Starting with the release of World of Warcraft⁵ (WoW), everything that got thought to get known about the size of the market changed. Not only was World of Warcraft a success, but also it far outstripped any other subscription-based MMOG to date, and surpassed even the loftiest of expectations. While the majority of WoW's subscribers are in China, it now has over 1 million in Europe and probably somewhere between 1.5 and 2 million in North America, making it a true market phenomenon. A good deal of WoW's success comes for the Blizzard brand, which brought in a lot of new gamers into the market who had never subscribed to an MMOG before, but the game also set a new bar for the amount of content, ease of use, and level of polish expected from a top-tier MMOG title. The impact of WoW has been felt on almost all existing MMOG titles, most notably Dark Age of Camelot, EverQuest, and Lineage I and II.

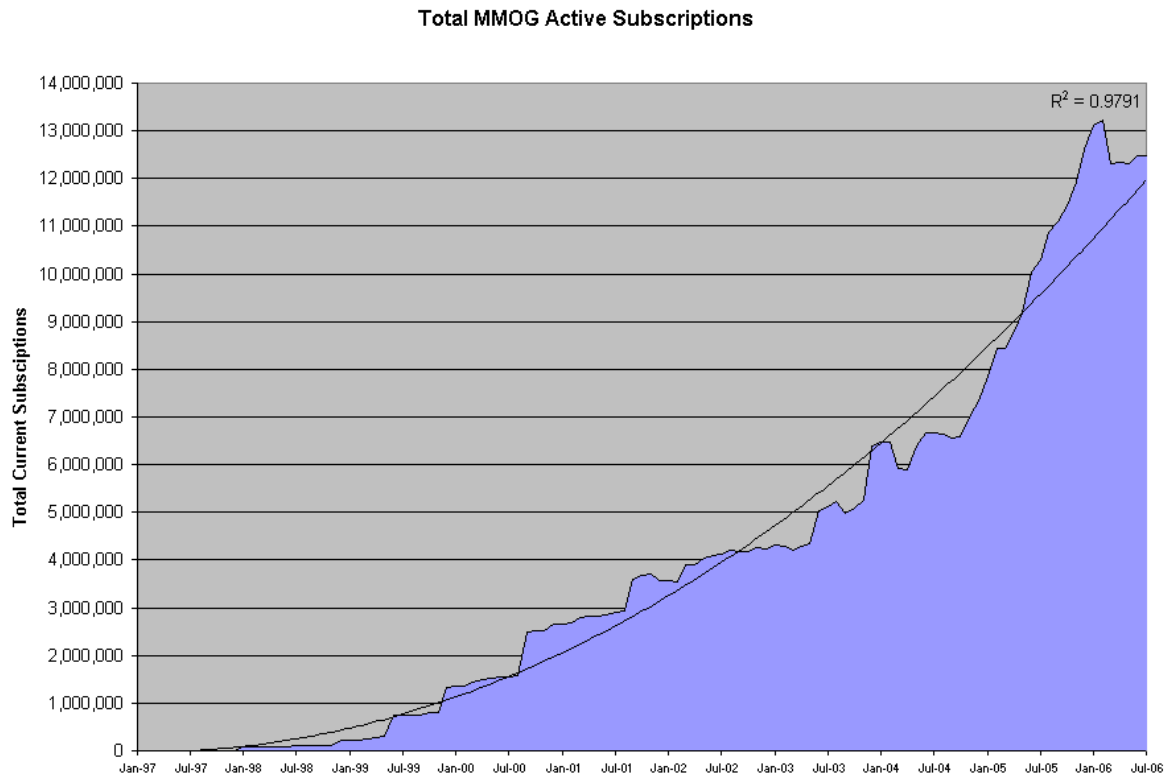


Where does the market go from here? Well, it's still increasing on a steady curve, although some years the market seems to get ahead of itself and in others it falls behind. One interesting issue is the current market share by genre. As of June 2006, 93.5% of the market falls into the category of fantasy RPG; 4.1% in sci-fi RPG (including superheroes), 0.3% in combat simulation / FPS, and 2.2% in the social / other category. These numbers indicate a hugely disproportionate emphasis on the fantasy setting – this does not include many of the predominately fantasy MMOGs in the Asian markets. Even though some MMOGs in the First Person Shooter (FPS) or social / other categories have a sci-fi setting, this nevertheless makes for quite a lopsided market. Consider movies or television, where science fiction is featured far more often than high fantasy, with a correspondingly higher financial success (Lord of the Rings being a notable exception). Several companies are seeking to exploit this untapped potential; recently launched and future titles Auto Assault, City of Villains, Huxley, Seed, and Tabula Rasa all feature a science fiction setting, and Huxley is also an FPS to boot.

⁵ World of Warcraft, developed by Blizzard Entertainment – <http://www.worldofwarcraft.com>

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Section III: MMOG market in China

A recent study on China's interactive games market conducted by Niko Partners and International Development Group (IDG) suggests that revenues for massively multiplayer online games (MMOGs) will grow by as much as 64 percent through 2006. According to the study, the MMOG market is the only segment of the games industry demonstrating resistance to China's piracy problems, and, as a result, it shows a strong potential for revenue and profit.

"Because revenue from these games comes from a service rather than product itself, sales of gameplay are made via a sustainable business model that counteracts piracy and allows for predictable costs and profits," said Lisa Cosmas, managing partner of Niko Partners. "This is a very exciting time for entering the games business in China. By the end of 2002, over 17 million households, a 4.8 percent penetration, owned a PC. Shipments of home PCs are expected to increase at a compound annual growth of 11 percent between 2002 and 2006. Game consoles have reached nearly the same household penetration (4.6 percent) in large part due to their much lower cost: consoles sell for US\$60 to US\$250; PCs average US\$500 to US\$1,200 with monitor. The challenge for game developers and publishers is supplying this enormous market while protecting revenues and profits."

The revenues for MMOGs are generated by prepaid cards and through the purchase of extra virtual items for character enhancement. Chinese gamers are able to play MMOGs on high-end PCs in approximately 200,000 Internet bars for around \$1 for four hours - resulting in an estimated 7.4 million people playing one or more of the 110 currently

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existing games, and a hardcore base of around 370,000 gamers who play MMOGs for at least 60 hours a month.

"Role-playing and strategy are two of the hottest genres," said Anton Bruehl, president of IDG. "Shooter games are not nearly as popular as they are in the West, and very few have entered the top-10 lists of either PC or console games in terms of legal units sold.

The projected 2003 year-end revenues for the MMOG market in China are \$96 million, a figure that's expected to rise to US\$127 million by 2006. China boasts a target audience of some 234 million people aged between 14 and 24, but the likes of Nintendo and Sony have been reluctant to enter the market until recently because around 95 percent of the video games and 96 percent of the PC games currently played in China are pirated. Sales of pirated PC games in China in 2002 were estimated to be worth over \$105 million - a figure made even more remarkable by the fact that they're sold at an average of just \$1 per game.

Section IV: Mankind 2 as an unique market idea

The MMORTS Mankind got initially developed by the french game studio Vibes SA⁶, which did initially start the game development around 1997 and did a first beta release in december 1998.

Followed by a public and free beta phase, Mankind went into a regular pay-to-play service in september 1999 with the public release of Mankind 1.5.

After world wide sales of boxes in stores aswell as direct download and payment through the online service from Vibes, Mankind did reach it's peak around february 2001 with a total number of almost 29.000 paying customers and a rise of about 1.900 new customers registering and paying for Mankind each month.

Considering this date and that top most other MMOGs balanced around 200,000+ paying customers to that time, Mankind could be counted as a good and solid success to the (at that time) unknown and new genre of science fiction in a massively multiplayer online game.

Until today, almost 300.000 players did register and try out Mankind.

The MMOG Eve Online, which initially got released in june 2003 and is science fiction based aswell, does follow a similar server conception like Mankind and as such Mankind 2 will do aswell. The game world is not split into dozends of single servers clusters to host several thousand of players each but instead combined into one to host 100.000th of players. Today Eve does count about 130.000 paying customers with a peak of over 25.000 players' connected and playing at the same time.

Mankind 2 does use this single world advantage on a more extensive scale to offer unique and continous role play and story telling for all players at one single playground – real-time strategy at its best. A world that does always exist and never ends – a world of progress and depth – a world of socialization and adventures – a world of power and economy – a world, that can become your friend forever.

Every person around the world can freely register for a so called "visitor account", which is completely free of charge and does allow to login with a special visitor game client.

⁶ Vibes SA did go into bankruptcy and sell Mankind in november 2002

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This way, everybody can login to the world of Mankind and watch its residents in realtime. Battles, trading, movement, build-up and much more – everything in realtime. Automatic camera plots to move and rotate from one point to another without requiring doing any interaction with the game client does not only provide a great endless running realtime graphic demo but can also serve as screensaver or never ending automatic advertisement for personal usage, company show presentations, permanent “look inside” and much more.