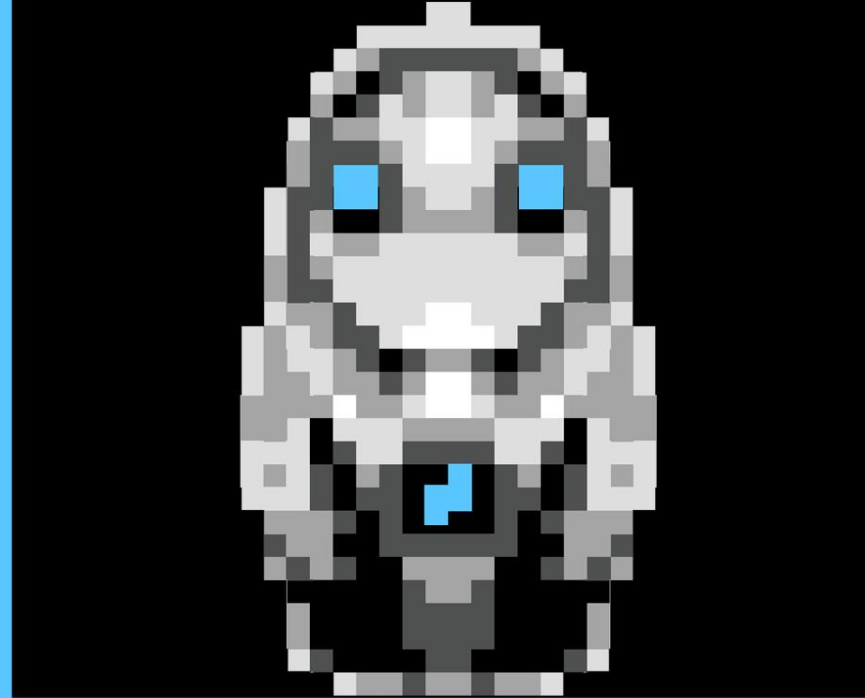




Evolution of Game Development

Why we are standing here today

As we observe the evolution
of video and computer games,
we see that Business has
changed along with
Technology...



*...Sperasoft has evolved
along with it.*



In the Beginning...

1960's-1970's

- Scope of game was cheap
 - Most content was handled via text, simple graphics and audio
- Cost of Goods (CoG) were high
 - Arcade cabinets, even floppy disks were a costly delivery medium
- Platform base was limited
 - Early home computers and consoles (Magnavox, Atari, Tandy, Sinclair, etc.)
- Only a “niche” market of hardcore gamers existed
 - They paid for their passion



In the Beginning...

1960's-1970's

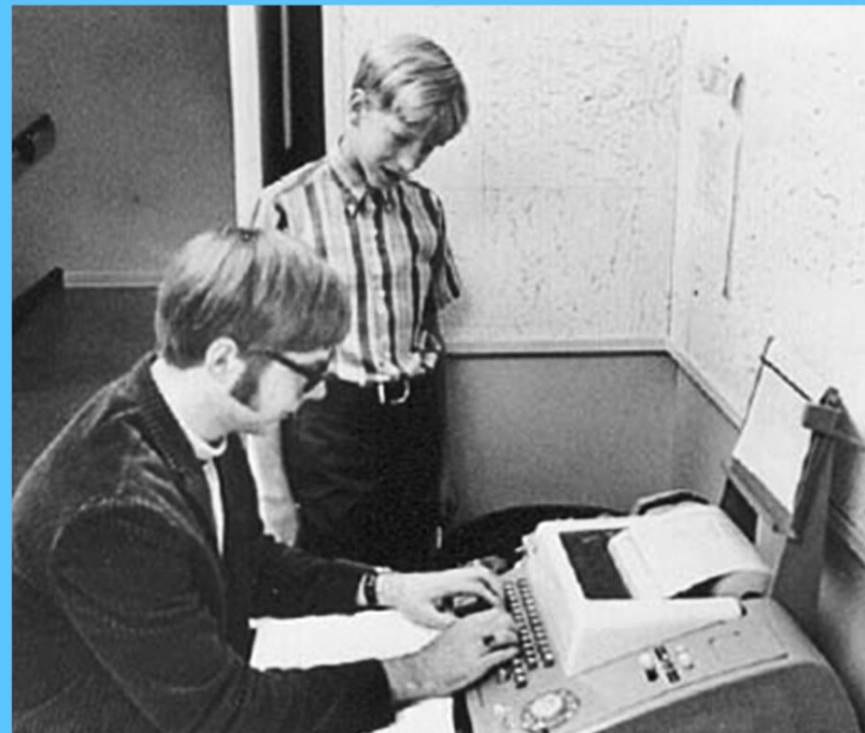
- Development cycles were short
 - Production budgets were small, and marketing was limited to niche periodicals and word of mouth
- Resources were hard to find
 - Few knew how to develop computer games
- Production companies were split between niche and mass market
 - Small development groups focused on core competencies
 - Larger companies focused on arcade games

```
bigcat:Fortran sam$ cat >foo.f
program circle
real r, area

c This program reads a real number r and prints
c the area of a circle with radius r.

write (*,*) 'Give radius r:'
read (*,*) r
area = 3.14159*r*r
write (*,*) 'Area = ', area

stop
end
bigcat:Fortran sam$ vi foo.f
bigcat:Fortran sam$
bigcat:Fortran sam$ ls
foo.f
bigcat:Fortran sam$
bigcat:Fortran sam$ g95 foo.f
bigcat:Fortran sam$ ls
a.out  foo.f
bigcat:Fortran sam$ ./a.out
Give radius r:
30
Area = 2827.4312
bigcat:Fortran sam$
bigcat:Fortran sam$
```



What has Changed

- Scope of game content has grown
 - Players consume more sophisticated content faster
- Development budgets have soared
 - Grand Theft Auto 4 cost \$100 million, most MMORPGs can cost twice that
- Studios have staff in the hundreds
 - Just one studio division can have over 200 people
- Only the Top Ten games make enough money to keep a development studio solvent
 - Marketing budgets have grown in tandem with production costs



What has Changed

- Number of Platforms have exploded
 - Not just PC and Consoles, but tablets, phones, web-based for both standalone and social platforms
- Financial Models have evolved
 - Retail has switched to Digital download; MMOs have switched from subscription based and are transitioning to Free-to-Play model with Microtransactions; DLC keeps IP alive through easily accessible post-release content



What has stayed the Same

- A bad game is still a bad game
 - Even the best production values can not save a bad design
- Simple, elegant design with deep playability still resonates
 - MineCraft has sold over 9 million copies
- Small studios can still be viable
 - Open source tools, app game market provide opportunities
- Viral Marketing still exists yet has more power
 - Crowdfunding can get projects off the ground



What has stayed the Same

- Hardcore audience endures
 - Generational transference has latitude
- CoG remains expensive
 - Larger consumer base with shrinking retail outlet makes this model prohibitive

As the products, the platforms and the market grew, trends began to form that defined a business that now competes financially with the movie industry...

