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# Selling used PC games through the blockchain? We're not buying it

Robot Cache has some interesting ideas and some important hurdles.

KYLE ORLAND - 1/17/2018, 12:05 PM



[Enlarge](#) / A foolproof plan!

Companies in industries ranging from [iced tea](#) to [image processing](#) to [fast-casual dining](#) are jumping on [the recent blockchain-mania](#) as a way to try to revolutionize often-moribund businesses. Now, startup [Robot Cache](#) wants to bring that same technology to bear in revolutionizing the way we buy and sell PC game downloads, with the backing of game industry luminaries like InXile's Brian Fargo and Atari founder Nolan Bushnell.



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Robot Cache CEO Lee Jacobson said in a press release that "expertly leveraging the power, flexibility, safety, and transparency of blockchain technology" will bring benefits like lower fees for game publishers and the ability to resell digital purchases for gamers. But despite the buzzword-heavy promise, there are a lot of risks involved that have us skeptical of whether Robot Cache can actually deliver on its vision.

## How it works

Centralized game distribution platforms (like Steam) rely on servers maintained by a single company (like Valve) to determine whether a player actually owns the downloadable game they're trying to play. Robot Cache wants to decentralize this process by putting that ownership data on a public blockchain that is constantly being verified by other users, who are themselves trying to mine a cryptocurrency. For Robot Cache, that cryptocurrency is IRON, an [ERC-20 token](#) built on top of the Ethereum network.



"The blockchain is the most secure technology that we know of for insuring there are not duplicate copies of items and that faith is one of the key factors to giving the publishers confidence in trusting a service that allows for a resale of a game," a Robot Cache representative [told PC Gamer](#). "In addition, it allows for a lower cost of distribution which gives us extra margin to share with gamers for a resale."

By offloading all that confirmation effort to a network of miners, Robot Cache promises to pass its savings on to both game publishers and players themselves (the publishers and/or Robot Cache would presumably still be responsible for the significant bandwidth costs of actually delivering those games). For publishers, Robot Cache will only charge a 5-percent fee on the "primary" sale of any games, much lower than the 30 percent charged by platforms like Steam and GOG. For gamers, Robot Cache will be one of the first PC game platforms to let players resell downloadable games when they're finished with them.

## Do “used” digital games make sense?

Before you get too excited, those digital resales come with some strict rules attached. For one, publishers will be able to "set resale pricing" according to a [Robot Cache press release](#). For another, the publishers retain 70 percent of the purchase price for any resold games, leaving only 25 percent for the gamer actually selling the title (after Robot Cache's 5-percent fee).

Those are probably important promises for getting publishers on board with the new concept of digital game reselling. But they also seem exceedingly likely to fundamentally break the potential market for these "used" digital games, at least from the player's point of view.

Since publishers get a larger chunk of revenues for new sales than they do for resales (95 percent vs. 70 percent), there doesn't seem to be any direct incentive for those publishers to set resale prices any lower than new sales prices. That means gamers looking for a good deal on Robot Cache's "used" game market are unlikely to find one. It also means that publishers are exceedingly unlikely to get that juicy 95-percent revenue share from a "new" sale if there's even a single (and identical) used copy available on the marketplace.

What's more, platforms like Steam have proven that companies can often generate a lot of revenue by offering "new" copies of downloadable games [at steep discounts](#) after release. Why would a publisher allow low-priced "used" sales to compete with its own planned discounts on identical "new" copies, which can be generated at will with little overhead at whatever price the publisher wants?

Allowing the resale price to float based on total supply and demand (based on [a Steam Marketplace-style auction system](#), perhaps) would help solve this problem. But it would also significantly lower the digital resale revenues for publishers (and the gamers doing the selling), making them less likely to buy into the resale program in the first place.

## The IRON bank

On the other end of the resale market, players getting up to a 25-percent rebate for finished games is better than the complete inability to sell digital games on other platforms. But resellers on Robot Cache will be paid only in IRON. That's convenient if you want to buy more games on Robot Cache but much less useful if you want a more liquid currency.

A lot of the potential for Robot Cache to work is riding on the promise that IRON will be a valid and desirable cryptocurrency in its own right. Robot Cache is looking to raise at least \$15 million by pre-selling the rights to 105 million IRON tokens to institutional and accredited investors at a discount, well before that IRON is actually generated some time in the second quarter of 2018. Those early investors are taking a risk that Robot Cache and the IRON network will launch as promised and on time; as [spurned investors in the Tezos cryptocurrency found out last year](#), that's not a guarantee.



[Enlarge](#) / InXile's Brian Fargo is among the advisors who think the blockchain can revolutionize PC game distribution.



### FURTHER READING

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When IRON does launch, though, the "real" value of those tokens won't be just an academic concern, especially to the Robot Cache publishers who will be getting paid in IRON for their games (and who will then have to turn around and pay their employees in government-backed cash). Robot Cache says IRON earned from game resales will "likely stay in the ecosystem," suggesting they don't expect users to simply turn around and convert it into a more robust form of currency.

But if the value of IRON in real-world currencies ends up being **as volatile as it has been for other cryptocurrencies**, the price of Robot Cache games that are denominated in IRON could fluctuate wildly over the course of a single day. Even if Robot Cache converts IRON to dollars instantly at the time of sale, unstable valuation could give users pause about when it's best to buy or sell (will this game be effectively cheaper if I buy it with IRON in an hour? In a day?).

Just last month, **Valve stopped accepting Bitcoin payments on Steam** in part because quickly changing valuations were leading Bitcoin-denominated prices to change too rapidly to handle. Valve also cited Bitcoin transaction fees reaching as high as \$20 in suspending its Bitcoin-based sales. Robot Cache promises that publishers will "receive payment in minutes (not months)" and that "the use of an ERC-20 token ensures that IRON will settle quickly," but a lot of that promise depends on how well the underlying Ethereum network is able to scale as it becomes more popular.

And unlike other cryptocurrencies, which allow for much broader uses, IRON as a currency is being created solely to power a single video game marketplace. Thus, in the end, the real value of IRON will depend largely on how much people want to buy games that are on the Robot Cache platform. It feels a bit like backing a new currency with GameStop gift cards.

We don't want to be too negative about the prospects for Robot Cache. The company has a lot of interesting ideas, and it has a good deal of potential to shake up the distribution of PC games. But there are also a lot of hurdles and a lot of uncertainty to Robot Cache's stated blockchain-based plans that the liberal use of a lot of cryptocurrency buzzwords can't mask.

**Enlarge** / Even the Robot Cache logo looks a bit skeptical of the idea...



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