THE RETURN OF GAMIFY

CASE STUDY BY IIT INDORE

Team **INCOGNITO**

Vasu Agarwal | Shruti Jain | Aditya Naik

GAMIFY

2007
- Facebook API to build applications launched
- Gamify Launched

2008-2009
- Funding of $35M received
- AgroTrade launched
- Gained 1M new active users

2010
- Another funding of $330M received
- Released new games
- Gained a profit of $90M

2011
- IPO worth $1B released

2012 MARCH
- Gamify stock price reached the all time high of $14.69
- Expanded to new offices in LA and India
- Acquired 11 companies

2012 NOV
- Facebook changed its policy for games
- Competitor game started gaining more popularity
- Lawsuit filed against the founder for unfairly acquired benefit
- Stock Price hits the rock bottom of $2.09

2013
- Company laid off 520 employees
- Bob Matrix took over as the CEO

2014
- Released mobile version of its famous games
- Daily Active Users decreased by 13%
- The downfall continued

PROBLEM STATEMENT

Gamify Inc. is social game developer. Its games can be played on Facebook. With rise of mobile games and Facebook policy changes, Gamify could not keep its pace with the technological shift and is now at the verge of shutting down. We have to analyze and propose a business strategy to revive Gamify Inc.:
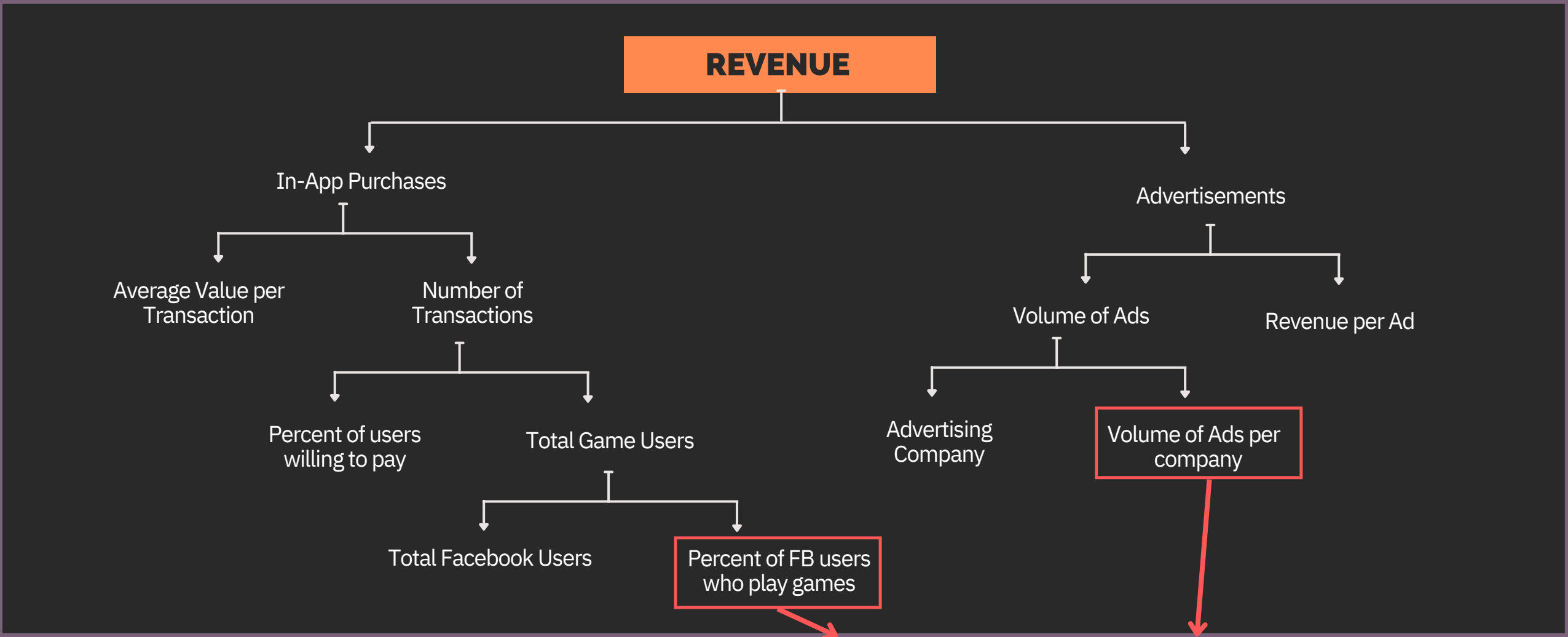
1. Perform SWOT Analysis of Gamify Inc.
2. Key Success factors for gaming industry in general and Gamify Inc.
3. What should the new CEO of Gamify Bob Matrix do to turn the situation around?

PROBLEM ANALYSIS

CAUSES
- Facebook policy changes
- Retrieval of favored status to Gamify
- Unsuccessful transition to mobile gaming space
- Rise of competitors
- Inability to follow the then technology trend
- Lawsuits against the founder

EFFECTS
- Loss of a considerable amount of potential customers
- Falling revenues
- The decline in Daily active users (DAU)
- No new hit releases
- Diminishing brand value
- Extreme fall in stock prices

CHALLENGES
- Gaining back customer loyalty
- Increasing DAU
- Raising investments
- Strengthening financials

Since Facebook policy changes have given rise to all the major problems, it can be identified as the **root cause.** Gamify needs to become independent of facebook or any other social media platform.

REVENUE BREAKUP

REVENUE

- In-App Purchases
  - Average Value per Transaction
  - Number of Transactions
    - Percent of users willing to pay
    - Total Game Users
      - Total Facebook Users
      - Percent of FB users who play games

- Advertisements
  - Volume of Ads
    - Advertising Company
    - Volume of Ads per company
  - Revenue per Ad

Possible solutions: Increase facebook conversions, volume of ads....BUT NO....

- Widely recognised amongst the customer base
- Strong understanding of game development
- Customer Satisfaction in the past
- Successful track record of developing hit games

- Low brand value in the market
- Inability to deliver a USP in the competitor market
- Failure to adapt to changes in the tech industry
- Insufficient investment in awareness programs
- Overdependence on the Facebook platform

S W T O

- Rise of competition
- Rise of New technologies
- Rise of new social media platforms
- Change in consumer preferences with new technologies
- Low cost of development of mobile games

- Rise of PC, Mobiles Console and VR gaming
- Revenue from Online Ads
- Increased ways of interaction on web
- Streaming Platforms and E-Sports
- Increasing affordability and penetration of Internet and mobile phones

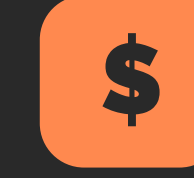**SWOT ANALYSIS OF GAMIFY INC.**
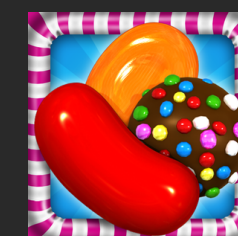
TRENDS IN GAMING INDUSTRY IN 2014

25% The smartphone sales increased by 25%

Major competitors started shifting towards mobile space

Facebook lost around 280+ monthly active users

$ Revenue of Mobile gaming space increased by 42% to 25 Billion USD

"2014 The Golden Age of Mobile Games"

Rise of youtube streamers

FREE Transitioning towards Free-to-Play (F2P)

Increase in sales of virtual reality gaming for mobile

Cloud Adoption. Development of Cloud based games.

GAMERS PERSONA

Core Gamers
- Make up to 7% of the players
- These users live and breath gaming and are ready to put down good bucks to continue in the game
- Loyal towards one-two games

Casual Gamers
- Make up to 19% of the players
- Play games in their free time
- Demand for free games
- No loyalty towards a single game. Always looking for a better and newer option

Social Gamers
- Make up to 10% of the players
- Prefer to play games with their friends
- Not necessarily committed to the game but to the people

DELIVERING A HIT GAME IN 2014

According to the research titled **"Success factors in profitable mobile games"** conducted by **Stephanie Flodman** and **Fiona Stewart Karlsson** in 2014, the key factors to publish a successful games were as follows-

- Fun and Flow of the game
- Balance between Skill and Luck
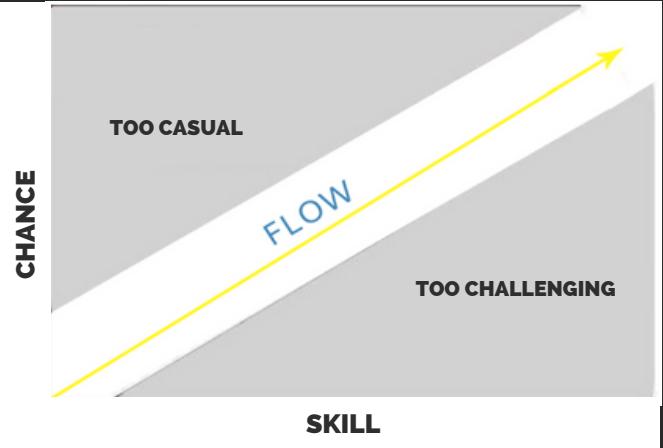- Discoverability and Viral Marketing
- Business Model
- Endless Game Play
- Knowing the target group

We have derived the key success factors in social gaming as well as gaming industry in general based on these industrial and research statistics

SUCCESS FACTORS FOR GAMIFY INC

- Used the opportunity provided by Facebook API in the most efficient way
- Successfully grabbed the first mover advantages
- Developed user preferred games
- Introduced games like Shatranj to cater to specific audience
- Regularly updated and introduced new games
- Developed easy to understand games
- Games like AgroTrade could be played by wider range of audience by age

SUCCESS FACTORS FOR GAMING INDUSTRY ON SOCIAL MEDIA

FOR ONBOARDING
- Prior active participation of mutual friends
- The quality and frequency of that game's Ads
- Game Hype in the community
- Language comfortability
- Freemium based model
- Proper game size to accommodate the available internet bandwidth.
- Above-average rating ratio

FOR RETENTION
- Availability of the game on multiple social media platforms
- Easy-to-understand game instructions
- Quantitatively Incentivized / Daily Reward-based Game Play.
- Regular game updates, including new content and theme-based material.
- Multi-Platform Adaptability with efficient UI
- In-app purchases shouldn't halt the user's progress in the game.
- Appropriate Ads frequency
- Balanced skill and luck factors in the game
- Story-based games bringing the player closer to the goal.
- Interaction between people on the platform

POSSIBLE WAY FORWARD

GAMING MEDIUM WISE

	Userbase	Competition	Cost of Deployment	Revenue Potential	Future Scope
Mobile	✓	✗	✓	✓	✓
Cloud gaming	✓	✓	✓	✗	✓
PC games	✓	✗	✗	✗	✓
Console	✓	✓	✗	✗	✓
Social Gaming	✓	✗	✓	✓	✗

BUSINESS MODEL WISE

	In App Purchases	Advertisements	Freemium	Pay to play / Install
Mobile	✓	✓	✓	✓
Cloud gaming	✓	✓	✓	✗
PC games	✓	✗	✓	✓
Console	✓	✗	✗	✓
Social Gaming	✓	✓	✓	✗

INFERENCE

With increased internet penetration and individuals being increasingly alienated in the digital world, social games are a viable option. Since the company's expertise is in creating social games, we recommend it expand into mobile and web-based cloud games that can link individuals online and be played together. This category of freemium games can generate high revenue through In-App Purchases and Ad streams.

PROPOSED SOLUTION

01 Facebook Policy Change
- Eliminate the company's reliance on a single social networking platform, such as Facebook.
- Rebrand itself as a gaming-cum-networking platform

02 Diminishing Brand image
- Being interactive to audience addressing current issues and customer expectations
- Off-court settlement of the dispute between founder's and the firm's

03 Unsuccessful Transition to Mobile Space
- Bulldoze into mobile gaming space with improved user experience.

04 Declining Customer Base
- Platform compatibility for mobiles, PCs, and tablets should be established.
- Collaboration with Twitch and YouTube streamers to raise awareness.
- Conduct sponsored tournaments with top global players

05 Falling Revenue
- With higher in-app sales, aim for 60% income from in-app purchases and 40% revenue from Ads
- Align the In-App purchase transaction values with the industry average and competitive pricing

06 Tackling Competitors
- Defining and stressing upon an USP in the competitor market
- Diversify in newer technologies

TIMELINE OF IMPLEMENTATION

YEAR 1: QUARTER 1
- Perform competitor analysis to understand the user preference
- Improvise on the UI/UX and device compatibility of the game
- Start rebranding itself as a gaming-cum-networking platform

YEAR 1: QUARTER 2
- Promote skill based games while establishing perfect balance between skill and chance into games
- Eliminate the company's reliance on a single social networking platform, such as Facebook.

YEAR 1: QUARTER 3
- Add multiplayer modes to top games for communities to play together as well
- Work on In-App purchase price strategy using Industry and Competitor analysis
- Collaborate with Twitch and YouTube streamers to raise awareness.

YEAR 2: SECOND HALF
- Work on Targeted and Quality Advertisements that include Video Ads , Interstitials , Playable Ads, etc.
- Launch PC based Social Cloud Games to increase Ad revenue
- Start Online Gaming Tournaments among the top players

YEAR 2: FIRST HALF
- Target increasing revenue from Advertisements. Get more advertising clients on board
- Regularly updating the content of the game
- Initialize development of free to play Social Cloud based Games

YEAR 1: QUARTER 4
- Rebranding as an Independent Social Games developer connecting people globally through games on a separate platform
- Venture into Bi-Annual Sponsored Gaming Tournaments

YEAR 3
- Strategize and identify factors to aim the revenue contribution of 60-75% from In App Purchases and 25-40% from Ads
- Start development of MOD Games where users can customize and develop their own Avatars, Gaming Maps, Obstacles, Difficulty levels, etc.
- Increase brands awareness by launching Games and Characters specific Merchandise globally

YEAR 4
- Launch of Modding of Games
- Publicity stunts like sponsoring and collaborations in Music Events , Trade Shows , National / International Events , Influencers and Celebrities.

YEAR 5
- Managing all the existing revenue streams
- Introducing new games across all platforms, especially mobile games.
- Analyzing and Optimizing all revenue streams, discarding loss making games and re-aligning the cash cows with companies values and mission.

GAMIFY

THANK YOU