Report: Game Solutions LLC

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Professor Gray

For the purposes of this project we assumed the role of Game Solutions LLC, a software company that aims to bring high performance PC gaming to increasingly wide audiences and foster the growth of a new industry in the United States. Our market research revealed that Gaming Cafés, or PC Bangs (PC방) as they are known in Korean, are extremely popular in Southeast Asia but rare in the US. We believe this discrepancy represents an untapped market with huge potential for creating a profitable business.

A typical Gaming Café is designed to allow ten or more customers play a wide variety of PC games using high end computing hardware and peripherals while paying only for each hour they play. If a Café wishes to support ten customers at one time, they must provide ten computers and ten licenses for each game they wish to offer. The Café must also purchase furniture such as desks and chairs, peripherals such as headphones and keyboards, and rent a commercial building.

Game Solutions LLC recognizes that cost is a major barrier to entry for many small businesses that share our mission of providing high-quality, community gaming experiences to the masses. Though we are unable to reduce the cost of rent or matching gaming desks, we have crafted a software solution to eliminate a significant cost for prospective Gaming Cafés. Our software tool GameKit uses patent pending server technology to eliminate the need to purchase and run ten different expensive gaming computers. Instead GameKit can run ten or more instances of different games at the same time and stream them to terminals in the Café. This centralized model allows for streamlined game and hardware updates and enables enhanced community connectivity features between customers in the Café.

However, GameKit’s most significant value proposition comes from our negotiated licensing deals with major game developers. We recognize that the cost of purchasing ten copies of every new game that is released is daunting and risky. This risk is compounded by uncertainty towards which new games will attract customers. Purchasing ten copies of a boring game can mean financial ruin, while waiting to see if a game is successful risks losing business to other Cafés that can afford to take the chance. To remedy this, we have established contracts with game development studios to reduce the cost of filling each Café’s game library and greatly expand the variety of titles available. Our agreements with the game studios reduce costs for the Cafés and increase profits for the developers by tracking the amount of time users spend playing each game and paying the developers royalties based on this time rather than the whole cost of the game. This gives developers the opportunity to make more money on each game, reduces risk for Cafés purchasing games they won’t use, and encourages the creation of better games.

Constructing this company required us to manage a complex web of relationships between multiple business actors. Our company sells software to small businesses that facilitates the use of software licensed by other businesses for users with whom we have extremely minimal contact. Figure One aids in visualizing the different components required for our business to operate and highlights the transfers and agreements between each component. This diagram can serve as a roadmap for understanding the various documents that are included with our final project report.

A screenshot of a cell phone

Description automatically generated

Figure One: Business Outline.

**Legal Analysis**

Constructing Game Solutions LLC required us to mitigate and comply with a variety of legal regulations. This report will assess the most interesting and important of these issues. Personal user data has risen to the forefront of global conversation following scandals where Facebook and government agencies misused personal information. Though the United States lacks a comprehensive law governing corporate responsibility over user data, we believed it prudent to reduce our liability for GameKit user data as much as possible. Our terms of service for GameKit establishes the user data that is required for making a GameKit account, including a username, password, email address, and birthdate, and certifies that this data is encrypted and stored where it may only be accessed by employees of the Café who licensed and uses GameKit. This insulates our company from personal information and reduces our liability. The only user data we collect is anonymized playtime data that is used to calculate royalty payments.

GameKit also facilitates community features between terminals within Gaming Cafés such as chat, message boards, and tournaments. Communication between users creates opportunities for misuse of our platform to harass, perpetrate illegal activities, or spread copyrighted material illicitly. Our terms of service explicitly prohibits these activities in the Code of Conduct section and requires users to agree that we will not be liable for their behavior.

We believe that GameKit is eligible for intellectual property protection through a US patent because of the unique way the software enables server hardware to perform efficiently. We are seeking a patent rather than relying on the copyright protections that apply to all source code because we believe GameKit’s code meets patent requirements as new and non-obvious and we are willing to license the patent to others to fulfill our mission of bringing gaming to more players. We have considered patenting our business method, as our facilitation of the license of content and payment of royalties between game developers and clients is new in the video game industry. However, we believe this model is too similar to previously established business methods employed by Spotify and Netflix, and we could not receive that protection. Therefore, we will protect our business method as a trade secret to the best of our ability.

To ensure that our business method, and other trade secrets and confidential information we produce remains secret, we require all of our partners and customers to sign mutual non-disclosure agreements before we can begin a business relationship. The typical parties involved in an NDA are the Releasor – the party giving the Confidential Information (Business Entity or Individual(s)) and the Recipient – the party receiving the Confidential Information (Business Entity or Individual(s)). These agreements will allow our company to remain competitive and preserve any sensitive information that our customers or partners disclose to us.

We have also sought business insurance to comply with federal regulations mandating that businesses with employees maintain worker’s compensation, unemployment, and disability insurance. We are investigating purchasing general liability professional liability insurance. General liability is for any business and protects against financial loss as the result of bodily injury, property damage, medical expenses, libel, slander, defending lawsuits, and settlement bonds or judgements. Professional liability is for businesses that provide services to customers and protects against financial loss as a result of malpractice, errors, and negligence.

Finally, because our GameKit venture involves many transfers of copyrighted material, our contracts are intricately designed to ensure that the rights and responsibilities of all parties are upheld. Our contracts with game development studios dictate by which the studio provides their intellectual property in the form of video games to us for integration and use through GameKit. This contract also governs our agreement to pay the game studio and an additional royalties contract discusses the terms of these royalties. We also have contracts with the Gaming Cafés who purchase GameKit. These contracts specify the obligations each Gaming Café agrees to when licensing GameKit and outline the different versions of GameKit that are currently available for sale.

**Ethical Analysis**

Though we strongly believe that our mission to provide gaming to all is noble, there are some ethical concerns that accompany our business that we must address. First, there are many documented cases of gaming dependency and addition occurring in countries with higher rates of game usage than the United States. Tragic stories of parents neglecting their children to play games and barbarous “reeducation camps” in Southeast Asia suggest that video game dependency can create serious consequences.[[1]](#footnote-0) However, we believe that because GameKit is inherently designed for social “cafés” rather than individual usage, our software will allow Café staff and other patrons the chance to spot trouble before it occurs. Other stories report that high rent prices have driven some Japanese people to live in Gaming Cafés rather than apartments.[[2]](#footnote-1) We believe this is more a consequence of the socioeconomic situation in Japan than gaming or game cafés, but as a software company we have no role in dictating policies at Gaming Cafés that purchase our software and see no problem with them offering shelter to the needy.

We are also aware that GameKit could facilitate children’s’ access to overly violent or adult material. Personal ethical codes must dictate a person’s opinion on age at which a child may be exposed to certain material. We feel it is only our ethical responsibility to tag content that GameKit provides by age rating (E for Everyone, T for Teen, etc) and allow the software to restrict the content users may access based on the birthdate associated with their account. To fulfill this ethical goal, however, we had to compromise on our ethical principal against collecting personal data, but we feel we have mitigated this by storing birthdates only locally and restricting our staff from accessing them.

Other ethical concerns include speculation that violent video games may encourage aggressive behavior in users and that the anonymity of gaming communities can lead to greater levels of harassment and bullying. We recognize these concerns but again believe that hosting gaming activities in a more public environment, like a gaming café, will encourage better behavior. We also believe it is the responsibility of each Gaming Café’s staff team to create friendly gaming environments and discourage harassment or other harmful behaviors.

Finally, our Terms of Service with the end user includes the ability to opt out of mandatory arbitration. After learning about this common practice, we felt it necessary and ethical to include the ability for users to opt out of these proceedings which often favor businesses. It is unlikely that most GameKit users will know anything about Game Solutions LLC when they walk into their local Gaming Café and we believe they should not be bound by an unfavorable arbitration with an unfamiliar company.

Following in this report are the supporting documents that were required to create Game Solutions LLC.

1. South Korean Parents Arrested for Neglecting Child to Play Video Games <http://www.cnn.com/2010/WORLD/asiapcf/04/01/korea.parents.starved.baby/index.html>; China created bootcamps to “treat” those addicted to video games (included electroshock therapy) <https://www.theguardian.com/world/2017/aug/28/electronic-heroin-china-boot-camps-internet-addicts> [↑](#footnote-ref-0)
2. https://www.japantimes.co.jp/news/2018/01/29/national/social-issues/internet-cafe-refugees-3000-tokyo-survey-says/#.XMC74JNKgWo [↑](#footnote-ref-1)