

Background

Athena Softworks, Inc. is a video game developer and publisher. They specialize in premium role-playing games (RPGs) for PC play and have had published eight games to date. Athena distributes its games exclusively using Steam, the world's largest distributor of PC games, which takes up 75% of the global market share. It is early 2020 and Athena is considering acquiring a new game title and there are three candidate games.

You are a part of the marketing analytics team at Athena, but you have not been involved in the exploration of acquiring a new game title until recently. Another group of individuals within your team has owned the process of gathering and analyzing data for this decision, but your manager has tasked you with an independent analysis to safeguard against mistakes. You need to provide recommendations on three key aspects of this decision process.

Candidate Games

Warrior Guild is a multiplayer battle arena game that can be played in duel, team (groups of 2, 3, 5, or 7), or guild (groups of 12) modes. Players compete as one of seven classes: Vanguard, Mage, Shapeshifter, Marksman, Healer, Rogue, and Berserker.

Seraph Guardians is an immersive single player RPG with extensive strategy and puzzle elements. Players work to discover the mythology of the Seraph through strategy, problem-solving, and combat. There is more than one way to accomplish every goal, but not all methods are equally efficient.

Evercrest may be played in single player or multiplayer modes as players work to save the titular land. Players should prepare to be met with challenges that require upmost creativity as they explore this fanciful world, encountering compelling characters and narrative.

Financial Details

In all instances, Athena would pay 5% in royalties (on gross) to the original developer and spend \$7 million in fixed costs to acquire and market the game; each game would have unique additional costs to finalize development (\$6 million for Evercrest, \$5.5 million for Seraph Guardians, and \$5 million for Warrior Guild). Budget constraints dictate that only one game may be acquired. Any game not acquired by Athena may be released by another publisher.

Steam is digital video game distribution service which holds about 75% of the PC game global market share with approximately 18 million users. For games sold on Steam, parent company Valve takes 30% of gross sales up to the first \$10 million. For all sales between \$10 million and \$50 million, Valve takes 25%. For every sale after the initial \$50 million, Valve takes 20%. You may assume that the majority of games sales occur within the first year of release and that all games sold by Athena Softworks are sold via Steam.