INTERACTIVE
ENTERTAINMENT
BUSINESS

Xbox LIVE Marketplace – Future Strategy

Market Analysis
Feb 23, 2011

Executive Summary

Drivers	Key Points	Key Implications to XBLM
Market Size	• WW video game market will grow at a 10.5% CAGR from \$51B in 2009 to \$84B in 2014 • Online game segment will grow from \$11.7B in 2009 to \$30.6B in 2014, a CAGR of 21.3%, driven by growth in APAC • Wireless game segment will grow from \$7.3B in 2009 to \$13.1B in 2014, a CAGR of 12.3% • PC Games is the only declining segment	• Online and wireless games present strong growth opportunities where XBLM can leverage areas of Microsoft's broader portfolio • A key point of differentiation is required to carve a unique value proposition for XBLM users • Segmentation is becoming more important with the growth of non-core gamers on XBLM who are more price sensitive than core gamers • There is a need for a strong developer value proposition for games on XBLM to counter developer focus on mobile and social games, and also maintain depth and breadth of games that appeal to XBLM's newer customer segments • Low priced and free online social games and wireless games challenge traditional gaming price models • Pricing schemes should be evaluated to combat popular, emerging revenue models being employed on competing gaming platform marketplaces
Competition	• Traditional physical retailers are expanding their digital presence in games • All major competitors have digital offerings • Competitors typically price digital games at a lower price point than physical games • All digital retail websites focus on targeting the core gamer • New competitors are on emerging gaming platforms such as mobile devices, social networks and cloud services	
Market Trends	• Fast improving technology on mobile phones make it a strong alternative to consoles for non-core gamers • Developer community on emerging platforms is fast growing resulting in an abundance of games on these platforms • Downward pressure on price is driven by freemium and ad-based games available on mobile and social platforms • The Wii, Move, and Kinect coupled with social game publishers developing games for consoles, drives more non-core gamers to consoles than ever before • New revenue models are being explored on mobile and social platforms that compete for gaming mind and wallet share	

Source: Multiple sources as referenced on slides within "XBLM Future Strategy – Market Analysis" presentation, Accenture analysis.

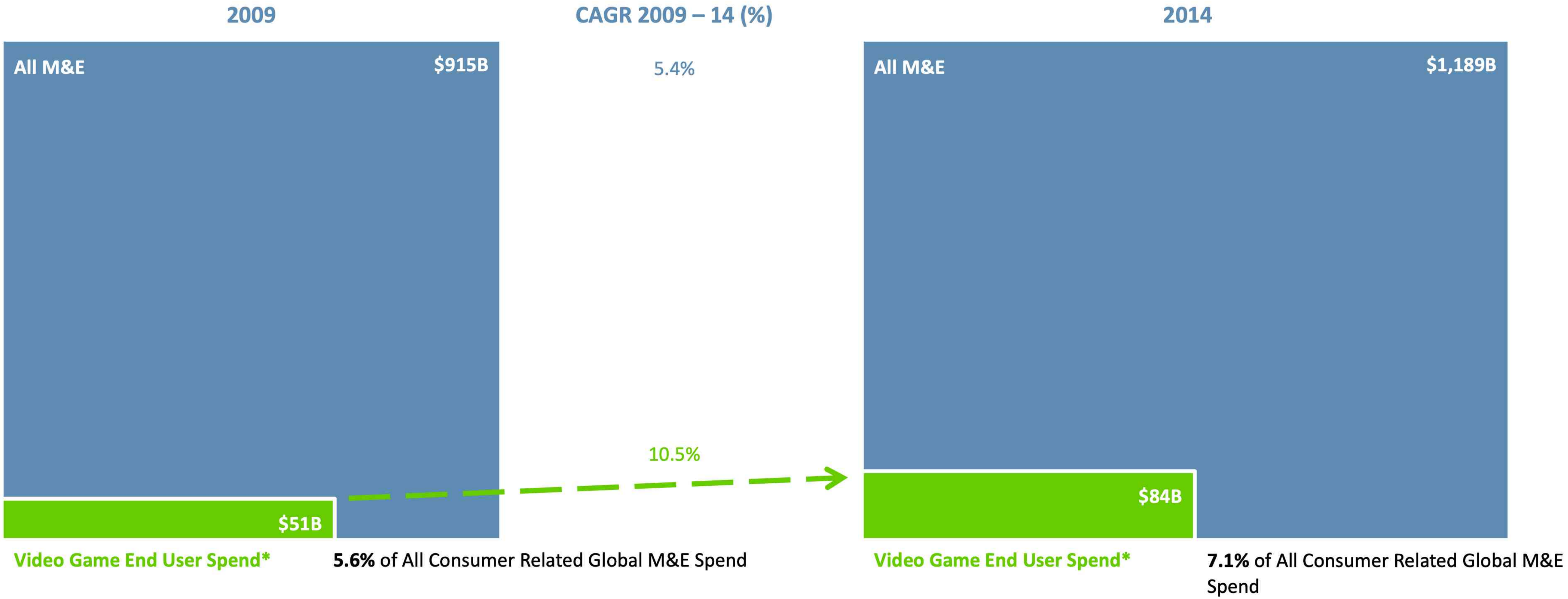
Outline

- Market Size
- Market Trends
  - Enabling Technology
  - Gaming Content
  - Devices
  - Consumer
- Marketplace Competition
  - Revenue Models
  - Consumer Experience
  - Pricing and Positioning

Global consumer spend on video games is growing twice as fast as overall media and entertainment spend.

Global Media and Entertainment Consumer Related Revenue, 2009 – 14

US Dollars Billions



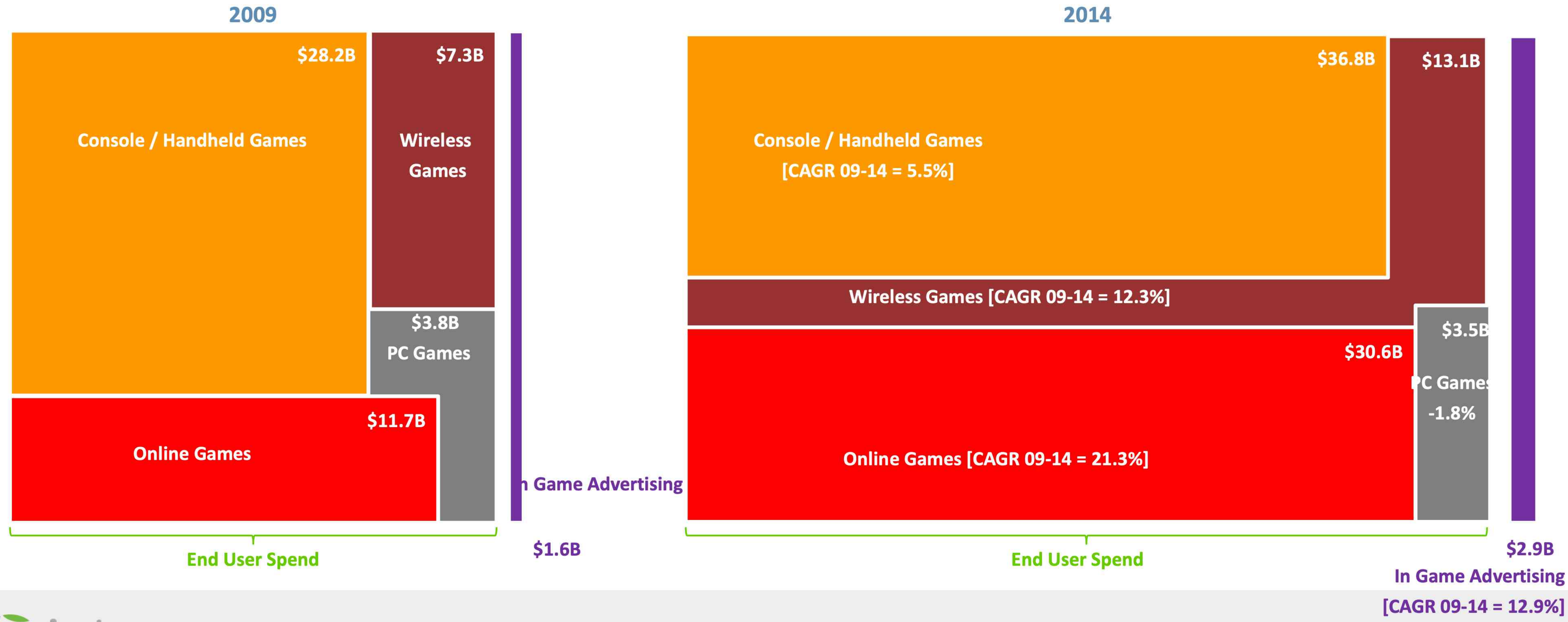
* Excludes hardware spend

Source: PWC Media and Entertainment Outlook Report, Accenture analysis.

Mobile and online / social games present fastest growing new gaming opportunities.

Global Video Game Revenue, 2009 – 14

US Dollars Billions



Source: PWC Media and Entertainment Outlook Report, Accenture analysis.

APAC is expected to have ~48% of total market in 2014, primarily driven by emerging revenue models.

Global gaming Market Revenues by region, 2009 – 2014

US Dollars Millions

North America Gaming Market ($M)

	2009	2014	CAGR
North America Gaming Market ($M)	$15.1	$20.7	6.5%
% of WW Gaming Market	28.8%	23.9%	

NA Growth Drivers

- Online games is the fastest growing segment, CAGR of 7.7%, driven by games on social networks and a shift to digital distribution of PC games
- Wireless games is the 2nd fastest growing category, CAGR 7.1%, driven by the proliferation of smartphones and tablets
- Console games will rebound and maintain strength growing at a CAGR of 6% driven by innovation in gameplay on consoles

EMEA Gaming Market ($M)

	2009	2014	CAGR
EMEA Gaming Market ($M)	$16.8	$23.0	6.4%
% of WW Gaming Market	32.0%	26.5%	

EMEA Drivers

- Online games, driven by casual games and MMOGs, is the fastest growing segment, CAGR 11.9%, to $4.9B in 2014 from $2.8B in 2009
- Wireless game market is growing at a CAGR of 9.5% to be $2.3B in 2014, driven by paid gaming apps on smartphones
- Console gaming will still be the largest segment growing at a CAGR of 5.4% to reach $13B in 2014

Latin America Gaming Market ($M)

	2009	2014	CAGR
Latin America Gaming Market ($M)	$1.1	$1.8	9.3%
% of WW Gaming Market	2.1%	2.0%	

Latin America Growth Drivers

- New consoles will lead to a rebound in the console game market.
- Launch of 3G networks and expanding coverage will propel wireless mobile game downloads.
- Broadband growth will fuel an emerging online game market.

APAC Gaming Market ($M)

	2009	2014	CAGR
APAC Gaming Market ($M)	$19.4	$41.3	16.3%
% of WW Gaming Market	37.0%	47.6%	

Asia Pacific Drivers

- Online games is the primary growth driver fueled by rising broadband penetration and micro-transactions of downloadable virtual goods
- Wireless game market is the 2nd largest growth area driven by smartphone penetration

Source: PWC Media and Entertainment Outlook Report

Implications of market size to XBLM.

- Slowdown in console game growth puts pressure on XBLM to derive revenues from other sources, or engage in a fight to capture greater market share of console games
- In all regions, fastest growth is in online and wireless markets, which present an opportunity for XBLM
- APAC, particularly China, show strongest growth in online and wireless games, with the greatest opportunity being in virtual goods and micro-transactions

Source: Multiple

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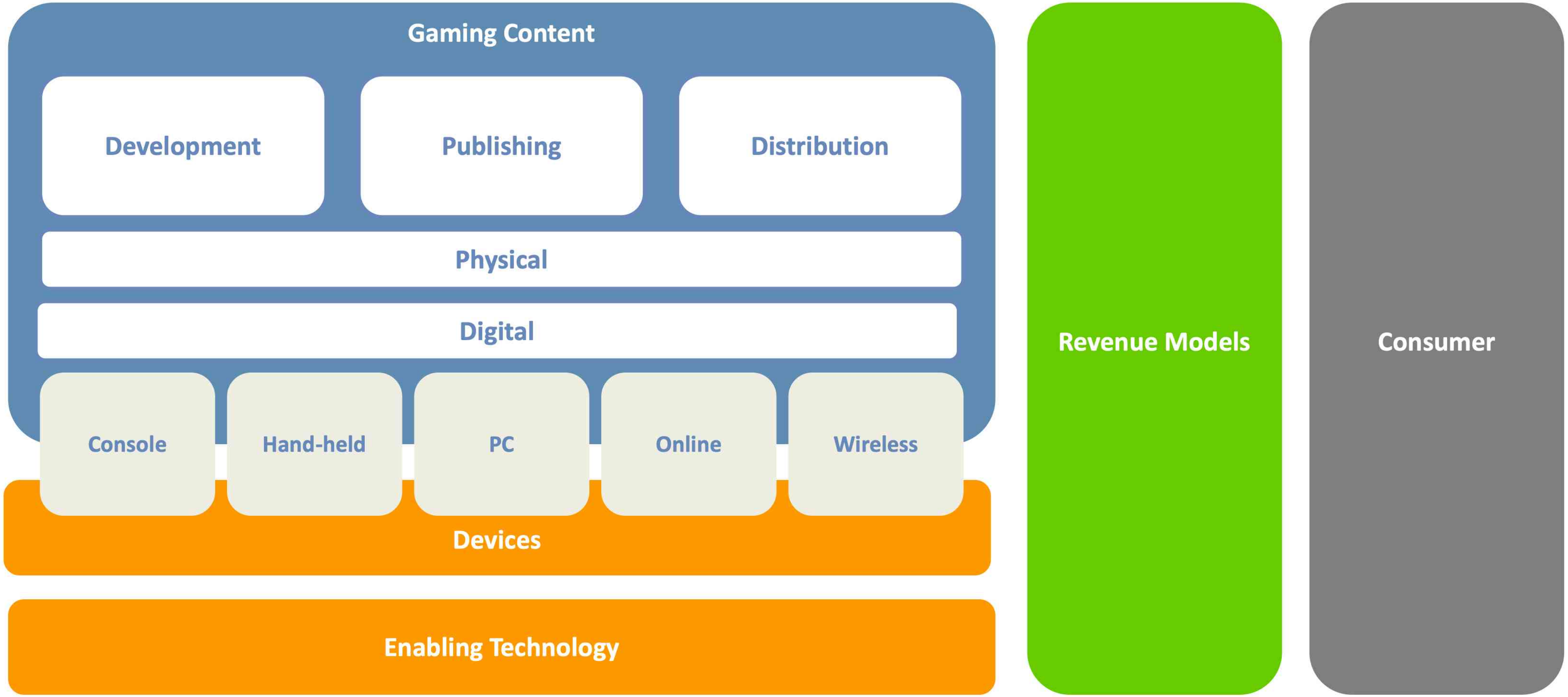
Framework for Market Trends Analysis



Source: Accenture analysis.

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Technology Trends Framework

Device Technology

- Processor Speeds
- LCD Display
- NAND Flash
- Camera Sensor

Distribution Technology

- Broadband
- Wireless
- Content Delivery Networks

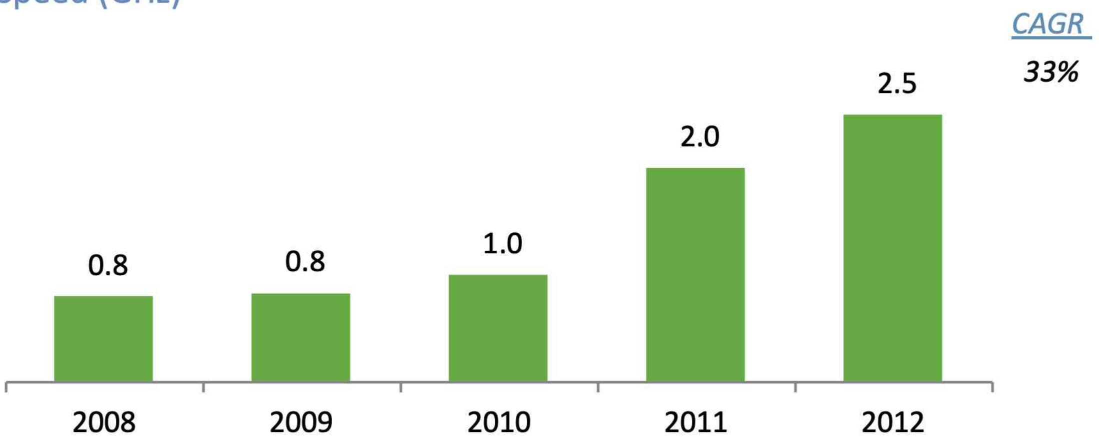
Performance

Gameplay

Falling technology costs ensure cheaper, more powerful devices capable of playing games in the future.

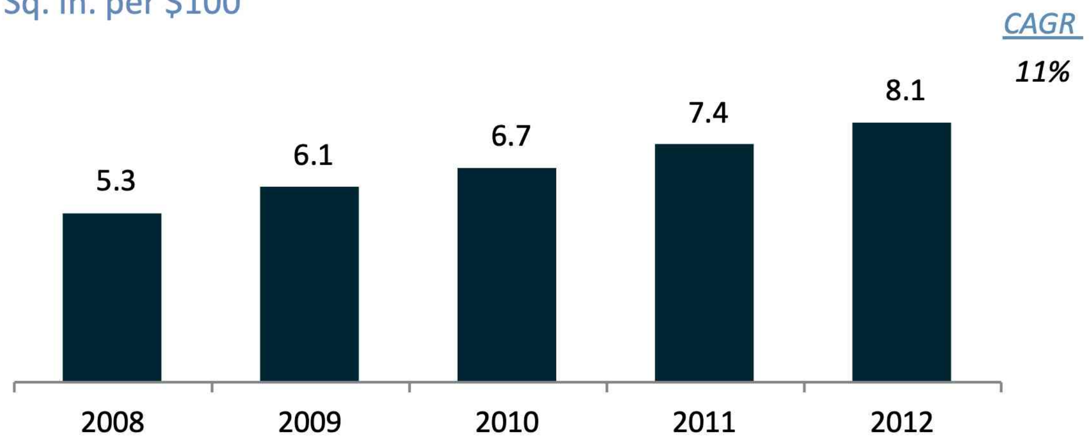
ARM Processor

Speed (GHz)



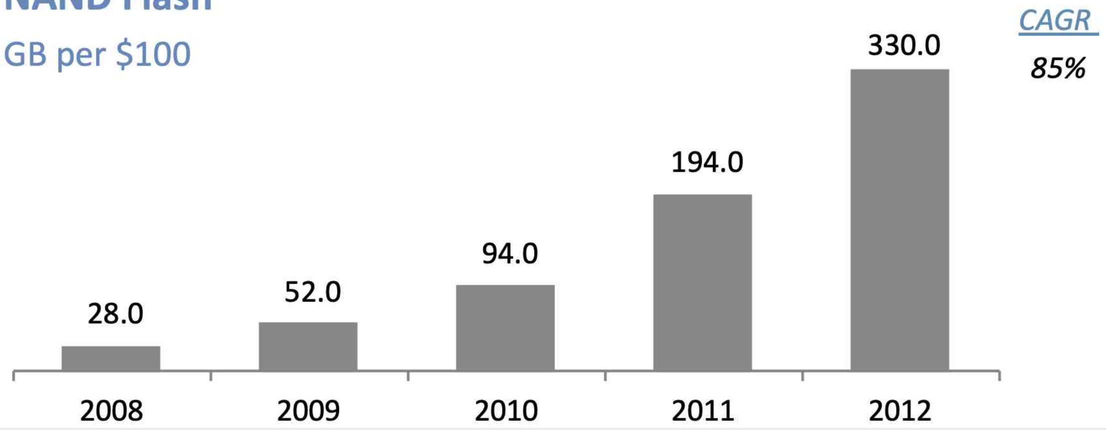
LCD Display

Sq. In. per $100



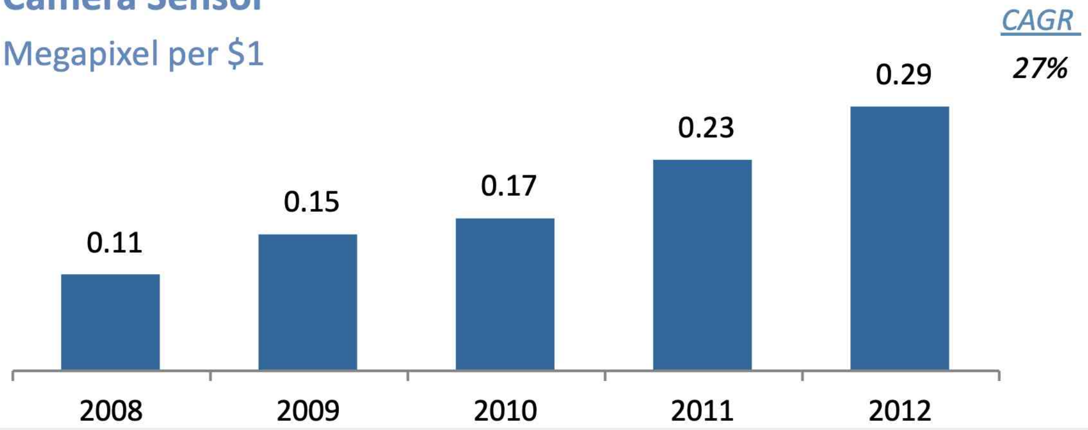
NAND Flash

GB per $100



Camera Sensor

Megapixel per $1

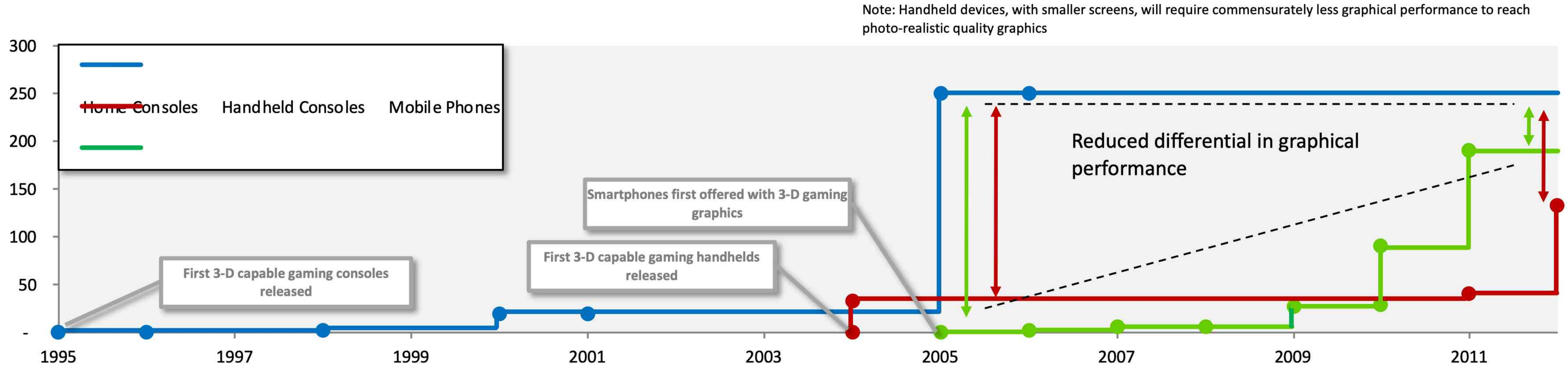


Source: iSuppli, Gartner, DisplaySearch, ARM, Accenture analysis.

Mobile devices are closing the graphics performance gap with consoles, enabling a better gaming experience.

Graphical Performance of Video Game Devices, by Platform

Polygons/Second (millions)



- Reduced ability for manufacturers to impress and differentiate with graphical capabilities:
  - Between competing platforms
  - Separating home from mobile experience
  - As incentive to purchase next-generation hardware
- Increased convergence of experience between home and mobile environments
- Less reliance on optimized code to produce high quality graphics as graphical capabilities progress through a point of sufficiency to a state of surplus

Source: IGN, Softpedia, iTech News, Tech Radar, Accenture analysis.

Mobile devices are experimenting with new, differentiated user interfaces.

Innovations in Handheld Gaming Interfaces

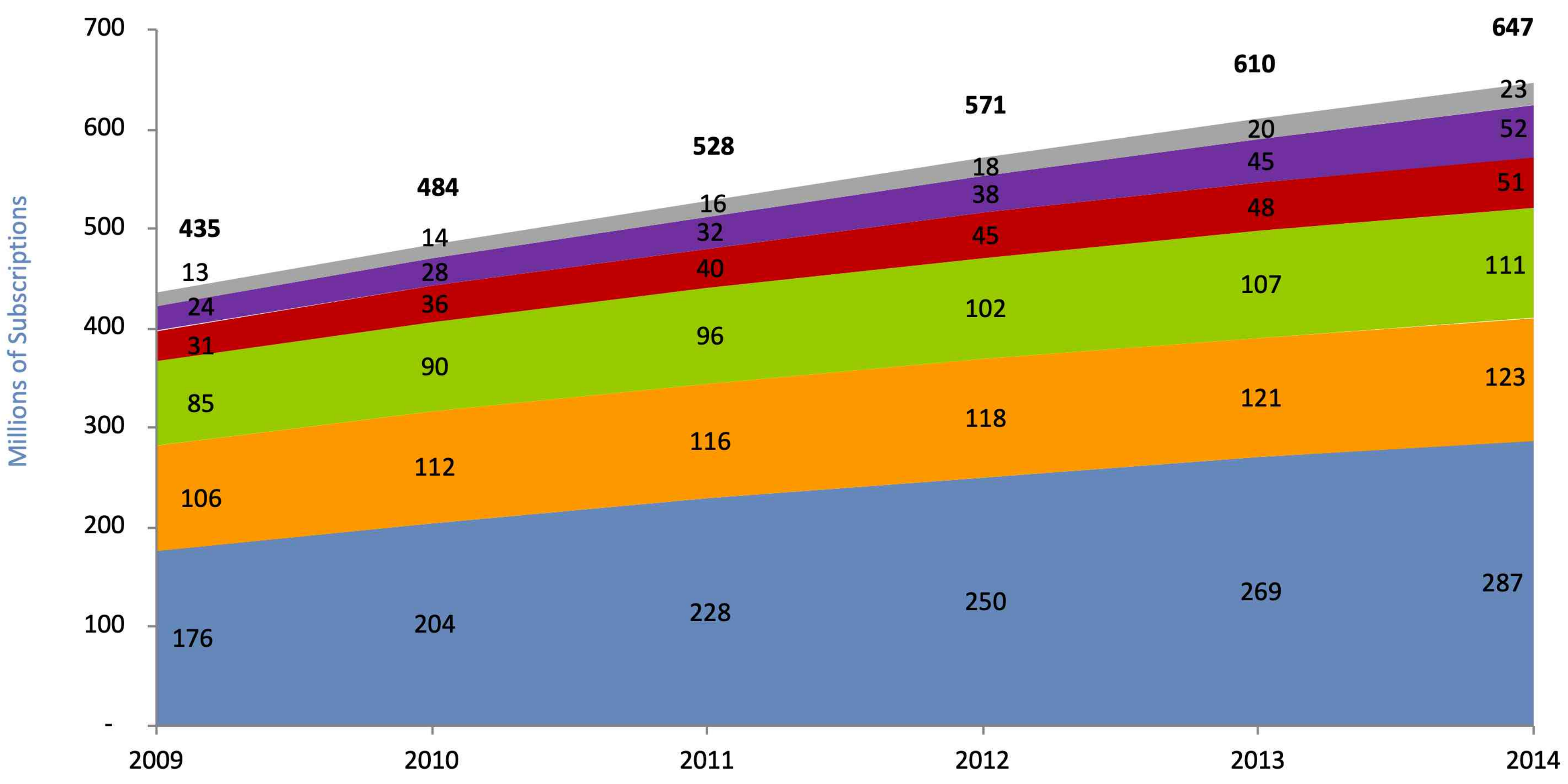
Innovation	Product		Platform	Interface Features	Comm.
Glasses-free 3-dimensional gaming	**Nintendo 3DS** March, 2011 $249		NINTENDO 3DS *backwards compatible with Nintendo 3DS	**Display** • 240x800 3-D display **User Interface** • Dual touch screens • Gyroscope/Accelerometer	Wi-Fi Data
	LG Optimus 3D April, 2011 Price TBD		android	**Display** • 480x800 3-D display **User Interface** • Touch-Sensitive Gesture UI • Proximity/Accelerometer sensors	Cellular Voice/Data Wi-Fi Data
HD gaming & motion-sensing controls	**Sony "NGP"** Late 2011 $299-$349		PSP PlayStation Portable	**Display** • 960x544 display **User Interface** • Dual analog joysticks • Gyroscopic/accelerator sensors from Sony Move	Cellular Data Wi-Fi Data
Bringing gaming interface to a smartphone platform	**Sony Ericsson Experia Play** ("Playstation Phone") March, 2011 ~$400		android *overlays PSP navigation paradigms on top of Android OS; plays PSP-specific Android games	**Display** • 854x480 display **User Interface** • Dual analog joysticks • Gyroscopic/accelerator sensors from Sony Move	Cellular Voice/Data Wi-Fi Data

Source: Tested, Wikipedia, Gadgetian, GSM Arena, Engadget, Accenture analysis.

Growth in broadband consumers subscriptions creates a greater installed based for cloud based digital services.

Consumer Broadband Connections Worldwide, 2009 – 14

Millions of Subscriptions



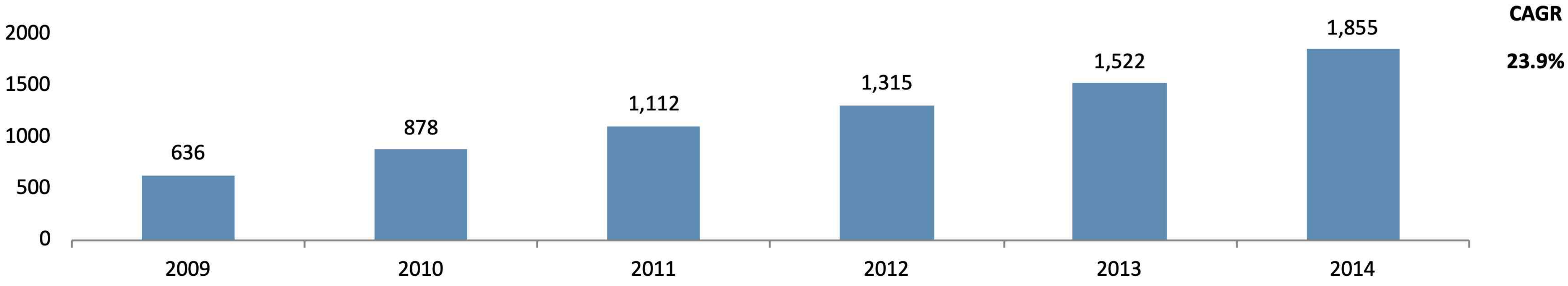
Total	CAGR
Middle East & Africa	12.1%
Eastern Europe	16.5%
Latin America	10.7%
North America	5.5%
Western Europe	2.9%
Asia Pacific & Japan	10.3%

Source: Gartner, Accenture analysis.

Mobile internet use continues to grow, led by brisk adoption of iPhones and Android devices.

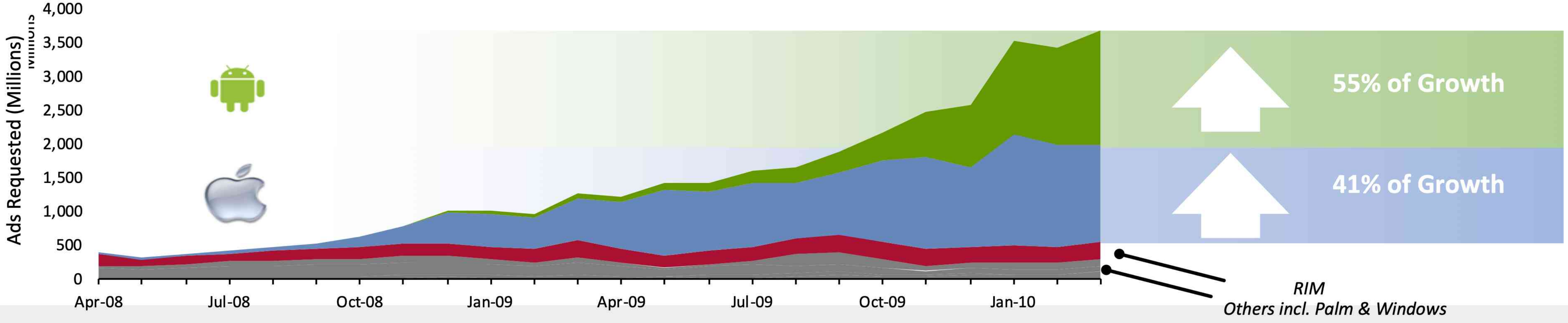
Worldwide Mobile Data Subscribers, 2009 – 14

Millions of Subscriptions



Mobile Web Usage Growth over 24 Months in US

Millions of Ads Requested



Source: iDate, IDC, Admob, Accenture analysis.

Falling content delivery prices make digital and cloud-based delivery models increasingly viable.

Content Delivery Pricing, 2008 – 10

US Dollars per Gigabyte

Improvement in Content Delivery Networks (CDNs)

- Expansion of distributed networks with more servers at the network edge to speed up delivery of content, which is critical to stream games
- Reduced latency with newer Content Delivery technology improves game play
- More CDNs offer managed hosting services, which allows for optimization of content to be delivered to the end user
- Some CDN providers offer a dedicated optical network that interconnects thousands of servers around the world with more than 900 last-mile access networks, which improves quality of service

Source: Business of Online Video, Akamai, Accenture analysis.

Faster broadband speeds, improved technology and cheap CDN costs are enabling cloud based game services.

OnLive

Value Proposition

- Cloud based streaming games without a console
- Service with traditional game features such as large gaming community, leaderboards and brag clips, and free trials on the majority of games

Target Customer

- Gamers, with a focus on hard core gamers

Pricing Model

- OnLive gaming system: $99 (+ free game)
- Monthly subscription fee: $9.99
- 3-day rental fee: $2.99-$5.99
- 5-day rental fee: $6.99-$8.99
- Full Play Pass (to own) fee: $9.99-39.99
- Eliminated mandatory no subscriptions

Additional Information

- Partnered with Vizio to stream games on new HDTVs
- Introducing capability to watch movies

GAIKAI

Value Proposition

- Provides publishers and retailers with capabilities to easily run demos and games on their web site
- Allows publishers to also manage advertising campaigns

Target Customer

- Publishers with game demo ad networks, retailers

Pricing Model

- Publishers pay Gaikai $0.01 for every minute that a user spends playing game demos on the publishers' website
- Publishers make 100% of game sales

Additional Information

- Major Publishers – EA and Activision
- Working on 60 deals with publishers, retailers, media sites, electronic makers, and telecom makers

On the whole, technology trends point expanding options for delivery of high quality games.

Graphics on Platforms, Feb 2011

Traditional Platforms → New Platforms

Console and PC Games	Mobile Games	Streaming Games

Silent Hunter on PC

Silent Hunter on iPhone

Silent Hunter on onlive.com

NBA 2K11 on Xbox 360

NBA Elite 11 on iPhone

NBA 2K11 on onlive.com

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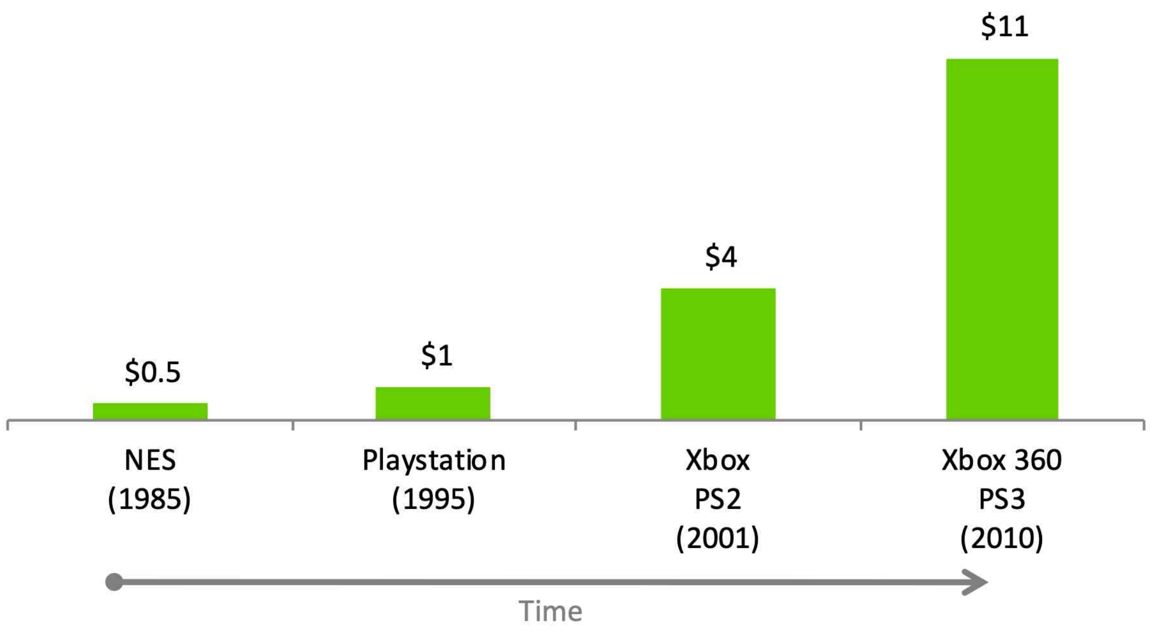
Cost, complexity and risks associated with AAA game development are increasing for online and console games.

Average Development Cost* of Major Console Games by Console Generation

US Dollars Millions



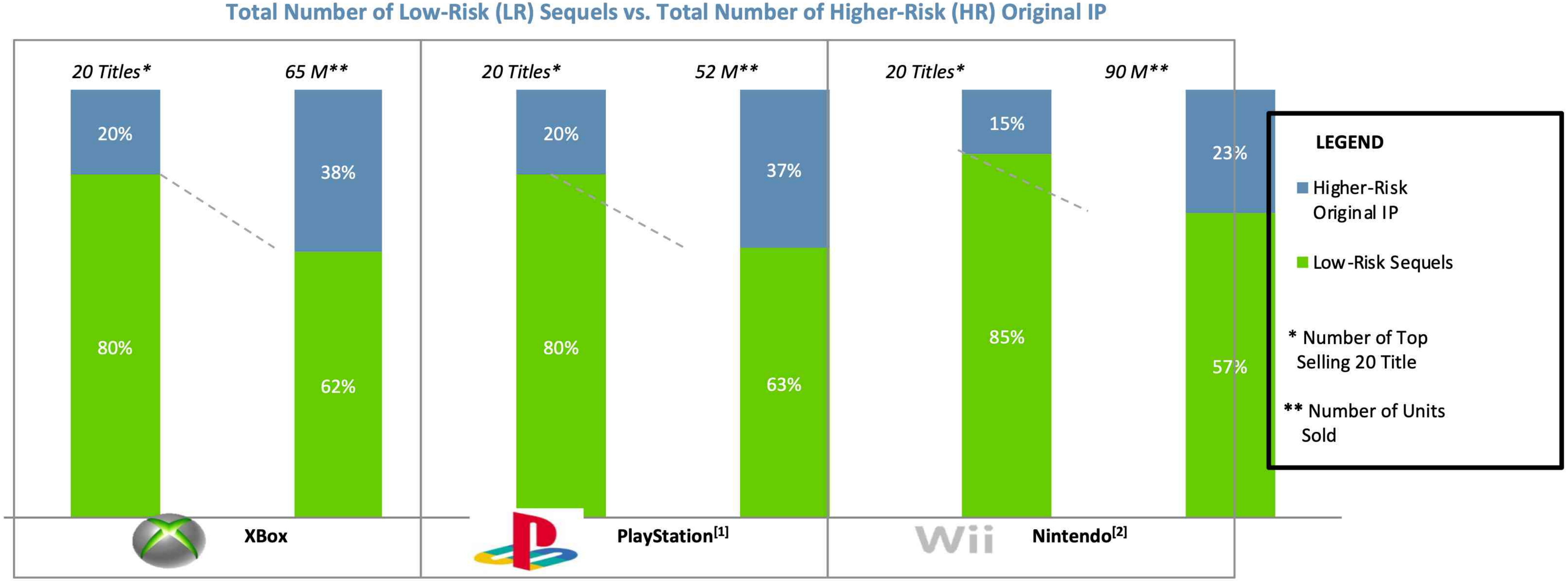
** Does not include marketing and distribution costs*

Costs and Complexity of MMORPG Games

- From concept to launch, intricate MMORPG games frequently take a team of 100 game developers more than 3 years and a total of more than $30-$50 million in development cost
- World of Warcraft is estimated to have cost $100M
- According to Activision Blizzard, World of Warcraft operates 20,000 servers in 10 data centers around the world and maintains 1.3 petabytes of storage resulting in costs of over $300M, estimated in 2009

Source: M2 Research, IGN, Wedbush Morgan, Parks Associates, Accenture analysis.

Console gaming continues to be 'hit-based' driven by lower-risk game sequels.



Key Points

- Publishers heavily rely on pre-established brands, in the form of sequels and licensed intellectual properties, to maximize the predictability of their investments in development and marketing
  - *Benefits include*: higher likelihood of market acceptance, iteration breeds perfection, re-usable assets
  - *Drawbacks include*: few new brands and IP are developed, buyers feel comfortable skipping a title that may not have significant new content (especially sports titles)

* Number of Top Selling 20 Titles
** Number of Units Sold

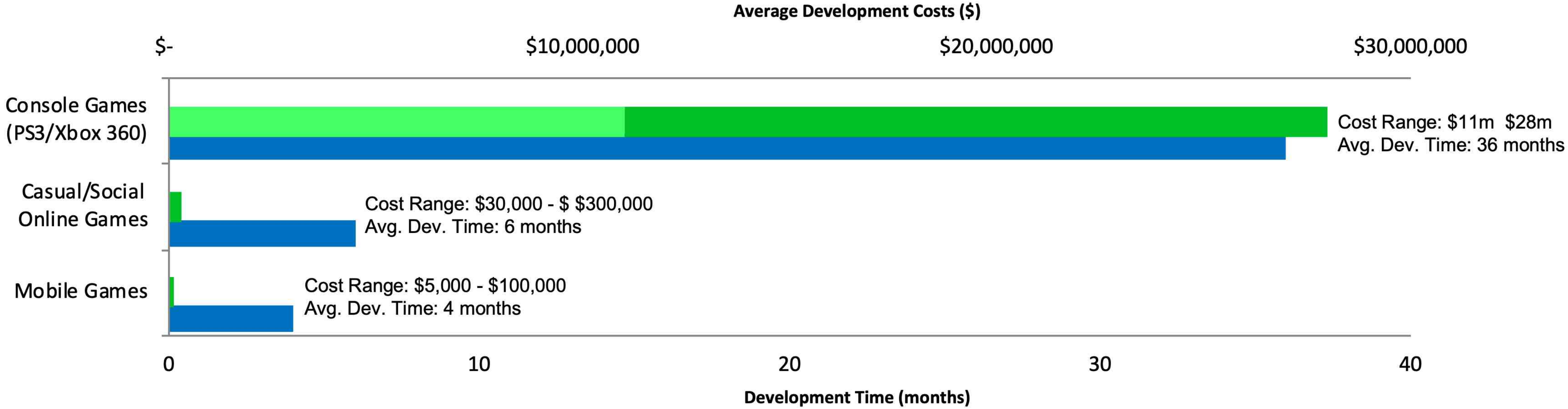
[1] Includes use of re-use materials
[2] Includes use of re-use materials and licensed properties

Source: CNET, vgchartz.com, Accenture Analysis

Driven by lower risk and increased speed to market, more developers are focusing on casual and social games.

Lower Cost and Time of Development

US Dollars (millions) / Weeks

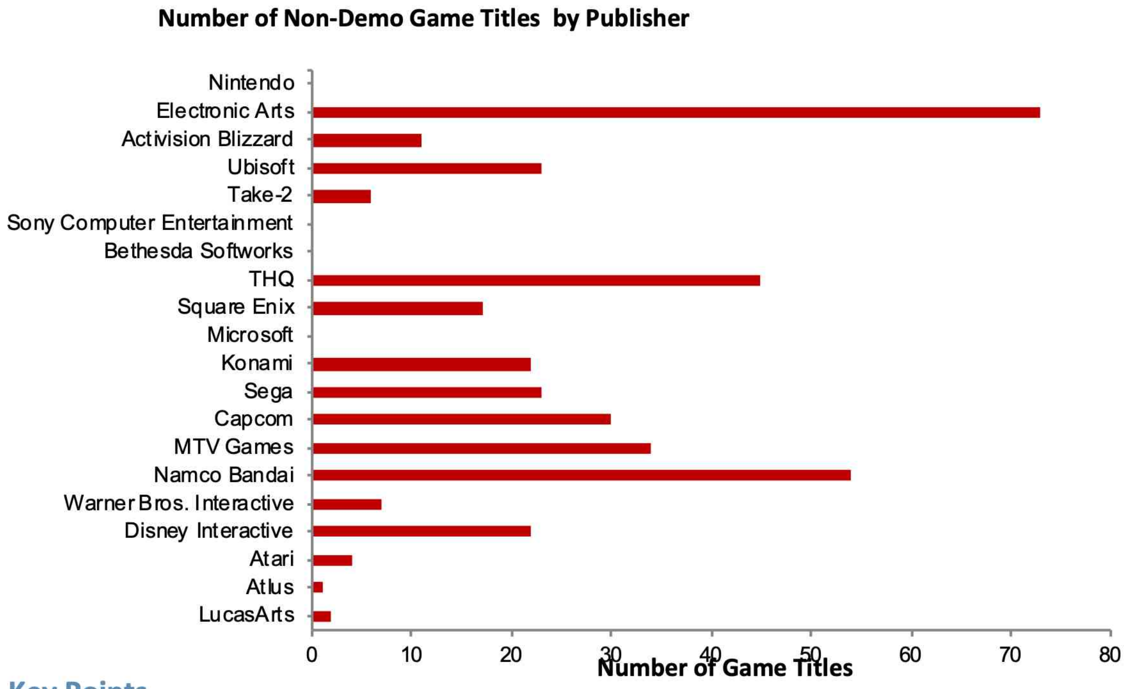


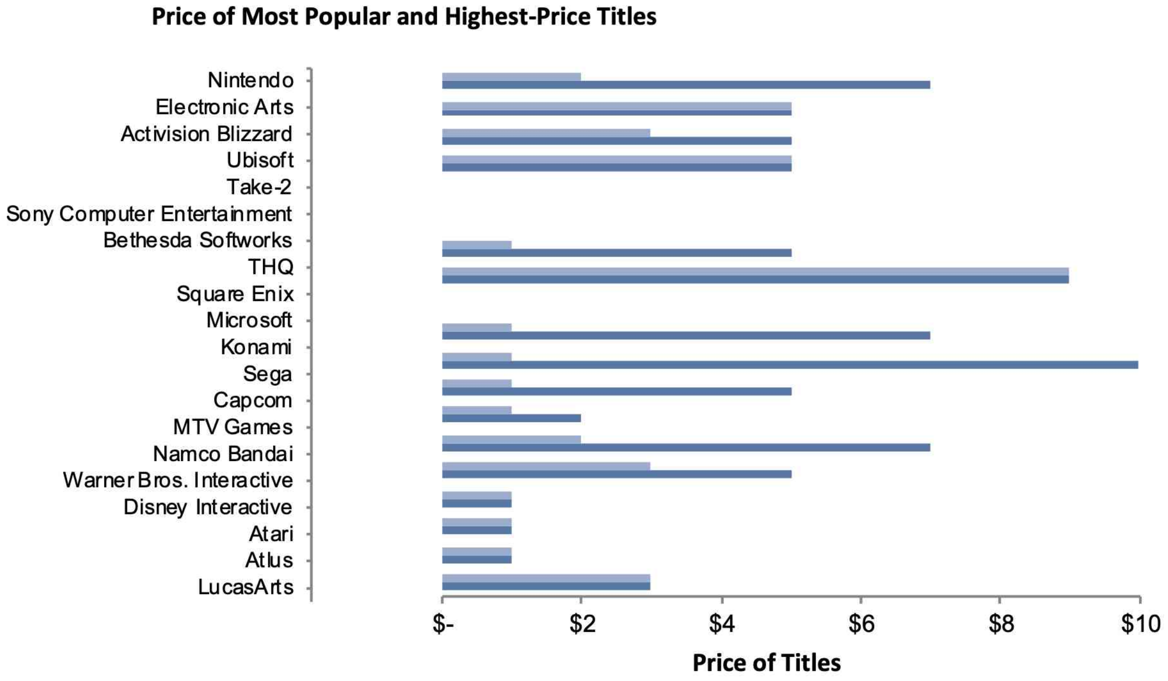
Drivers of Lower Development Costs on Social and Mobile Platforms

- Smaller scope of games – limited gameplay requirements and expectation for games on social and mobile platforms
- Reduced graphical complexity – screen size and type of engagement do not warrant excessive investment in graphics (e.g. 2D games suffice on mobile, while consoles push for 3D content)
- Lower pricing – developers limit time and capital spent because of lower price point of games

Traditional game publishers have been lured to mobile and online platforms in pursuit of larger audiences.

Presence and Pricing of Top Game Publishers on iTunes App Store, 2009





Key Points

- All of the top Video Game publishers outside of Microsoft, Sony, and Nintendo, as well as Bethesda Softworks, have developed significant number of games applications for the most popular mobile platforms
- Most of these publishers employ the “Paid Applications at a Low Price” model, although several titles (with Capcom as apparent leader) focused on an “Advertising” model
- These large publishers did not leverage the “In Game Purchases” model to a significant extent, in contrast to mobile-focused developers such as Zynga

Development across platforms is crowding distribution of games.

Number of titles available for download and opening date of platform online channel, by Platform

Gaming Consoles Online Stores[1]

Store	# titles	Launch Date
	1,922	Nov. 2005
PlayStation	241	Nov. 2006
Wii	90	Nov. 2006

Top Mobile Application Stores

Store	# titles	Launch date
	300,000+	Jul. 2008
	100,000+	Oct. 2008
	15,000+	Apr. 2009
	5,000+	Oct. 2010

Top Social Platforms

Site	# titles	Launch date
f	550,000+[2]	May 2007

Impact — **Factors Impacting Developer Choice of Platform**

Positive impact:

Gaming Consoles Online Stores:
- Platform maturity, APIs & dev. support
- Marketing infrastructure & support
- Monetization options & business models

Top Mobile Application Stores:
- Market penetration/size
- Ease of development, portability of code
- Platform maturity, APIs & dev. support
- Monetization options & business models
- Marketing infrastructure & support

Top Social Platforms:
- Market penetration/size
- Platform maturity, APIs & dev. support
- Monetization options & business models

Negative impact:

Gaming Consoles Online Stores:
- Cost of development
- 1st-party competition; poor 3rd-party sales
- Need for scale
- Closed platform

Top Mobile Application Stores:
- Platform "too open" or "too closed"
- Fragmentation of platforms

Top Social Platforms:
- Poorly moderated sales channel

Notes:

1. Only original downloadable content has been included
   - Xbox Live Marketplace includes Xbox Live Arcade (344)and Xbox Live Indie (1648) titles
   - Playstation Store includes only download-only PSN games
   - Wii Shop includes only Wii Ware (90) games; excludes Virtual Console (288) games
2. Facebook applications have been largely un-moderated, resulting in a platform experience described by industry experts as "significantly degraded"
   - Many mobile platform developers are non-exclusive, cross-platform
   - Application totals for mobile and social platforms include non-gaming titles

Game developers are leading the way in app stores.

Top 25 iPhone Developers	App Category	Number of Published Apps, Dec 2010	Published In-App Purchase Apps	In-App Purchase Downloads	Total Downloads
STREET VIEW LABS	Game	6	6		
glu	Game	57	11	8.4M	10.3M
THE PLAYFORGE	Game	3	1		
ngmoco:)	Game	51	20	6.2M	7.1M
pinger	Social	9	3		
Backflip Studios	Game	26	8	3.9M	5.1M
Tapulous	Game	25	2		
Brooklyn Pocket	Game	9	5		
TEAMLAVA	Game	7	7	3.4M	3.4M
CAPCOM	Game	19	2	3.3M	3.7M
SUNSTORM INTERACTIVE	Game	21	13		
STORM8	Game	9	9	2.6M	2.6M
OUTFIT7	Social	18	3	2.6M	4.1M
BayView Labs	Game	12	9	2.5M	2.6M
GAMEVIEW STUDIOS	Game	5	5	2.3M	2.3M
The Godfather	Productivity	10	10		
NIMBLEBIT	Game	15	2		
inedible	Game	8	3		
EA	Game	138	5	1.4M	5.6M
enflick	Productivity	6	3		
Gogii	Game	5	2		
zynga	Game	6	5	1.1M	1.4M
flipside5	Game	18	6		
RECHARGE studios	Game	1	1		
JIRBO INC	Game	117	4	1M	1.7M

Source: Company websites, Xyologic, Accenture analysis.

Gaming features are being adopted across platforms and services.

Scott Forstall, SVP iPhone Software – iPhone 4th Gen Event Apr 2010

"Gaming is extremely popular on the iPhone and iPod Touch. In fact, we have over 50,000 games and entertainment apps in the App Store. "

Game Center

- **Invite friends**

  to join games and challenge one another.

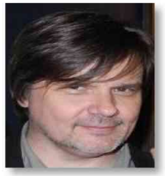
- **"Matchmaking"** players with similar ability for multi-player games without sufficient players.

- **Leader Boards** comparing both global and friends' performance.

Game Center Login

- Rumored in-app voice chat while engaging in game activity (based on API).
- Synchronization of user data (e.g. points, leader boards) with multiple iPxx devices.

Social gaming companies are looking to move up-market.



Mark Skaggs, VP of Product Development, Zynga, 2010

"The big answer is sort of like, would a traditional gaming company be satisfied on only one console? Maybe, but there's more opportunities, so we're always looking for more opportunities and with new partners we think about what can they bring to the table […] I can even see a case where theirs becomes a hardcore gamers social network and maybe then we'll go in there with more hardcore games."

Social Networking Platform

zynga

- Social gaming company that **d**evelops free puzzle, card, role-playing, and virtual world games:

FarmVille, Pirates, Path Words, 21 Blackjack

- Games were originally developed for social networking platforms:

myspace.com, Yahoo!, facebook

Shift to Different Platforms

- Zynga has five games in the iPhone app store and is hiring for game designers with experience creating Android and iPhone games.

  "Zynga Mobile is looking for an experienced game designer to create social games for the iPhone, Android and more. Qualified candidates will have experience on mobile, handheld, console and/or PC games[…]"

- Various game job postings also indicate Zynga's interest in expanding into PC and console platforms.

  "Qualified candidates will have experience on console and/or PC games and are fluent in game design practices and overall game development."

"In addition to bringing social games like Zynga's Farmville to the Windows Phone, Microsoft is sparing no expense in helping develop traditional 2D and 3D games for the platform that would mimic the XBox Live experience on a console […]"

-Matt Thompson, General Manager,
Developer & Platform Evangelism, Microsoft, 2010

Digital gaming distribution is becoming crowded.

Cloud-hosted Gaming (Streaming)

OnLive

Play games online via broadband on TV, PC, and Mac.

Gaikai

Offers PC and console video games and demos online.

3rd Party Platforms

Sites for Online Gaming

Many sites offer free games and applications.

- facebook: 50,000+ apps
- YAHOO!: 1364 games
- playfish: 15 games
- myspace.com: 500+ games
- pogo.com: 189 games
- Shockwave games (SHOCKWAVE-GAMES.NET): 848 games

Wireless Games

Num of Game Apps-Jan 2011

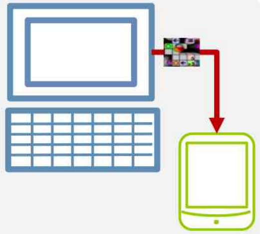
- 27,473
- 1,863
- 47,704
- 447

Download Methods

1

Download directly from app store onto mobile device.

2



Download apps to laptop/PC and upload to mobile device.

Retail

Digital Retail Expansion

Many companies are extending their physical retail services to online.

Companies	Physical	Digital
amazon.com	✓	✓
Best Buy	✓	✓
GameStop	✓	✓
WAL★MART	✓	✓

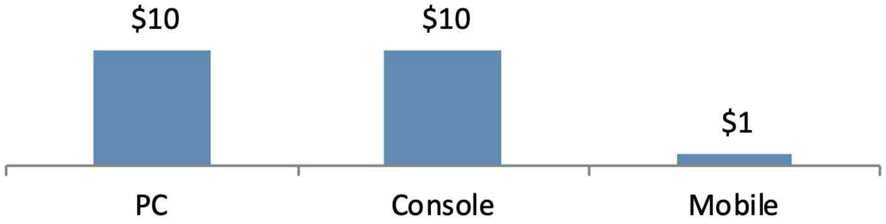
Wide distribution, a multitude of publishers and multiple “look-alike” games are pushing pricing down.

“Angry Birds is a great piece of experience, but that is one compared to thousands of other pieces of content that for one or two dollars I think create a mentality for the consumer that a piece of gaming content should only be $2”
– Reggie Fils-Aime, Nintendo COO, 2011

"Everyone says games are good value for home entertainment, despite the relatively high price. I'm not so sure… I think we're going to see a lot of price pressure put on games,"
– Peter Molyneux, Lionhead CEO, 2009

Sharply lower price levels characterize the mobile gaming pricing environment for casual games

Example of Bejeweled 2 Across Platforms



“Race to the Bottom” Mechanism

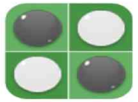
- Low Barriers to Entry – negligible costs to self-develop games
- “Pricing as Marketing” – games offered for free, or below cost, to get on top-download lists
- Low Willingness-to-Pay by Casual Gamers – for a similar gaming experience, mobile platforms have lower pricing to capture larger casual segment

Effects of “Race to the Bottom”

- Commoditization of Games
- Proliferation of Substitutes
- Eroded Pricing Power

Examples:

Direct Competitors

Othello Pro  @ $0.99

16 similar games
Price range: Free - $1.99

Close Substitutes

Trism  @ $2.99

1000s of puzzle games
Price range: Free and up

Emerging gaming platforms are leading the way introducing alternative revenue models.

Micro-transactions

Downloadable Content for Consoles and PC

- Downloadable content (e.g. Avatars, weapons etc.) is available via online retail

Mobile Content

- Mobile app stores offer downloadable content in the form of apps, with the most common price of $0.99
- 25% of the Top 20 iPhone Apps use a paid download revenue model, typically in the form of micro-transactions

"Freemium"

Trial and Upgrade

- Freemium models now represents a third of top iPhone apps
- Leading app developer Rovio uses this model; former premium-only developers, such as PopCap, are adopting it too

Free Games with Virtual Goods

- Online games and games on social networks offer free games supported by micro-transactions on virtual goods used to enhance the experience

Ad based

In Game Advertising / Ad Funded Games

- In 2010, companies spent $87 million on ads in mobile games, and are expected to spend ~$894 million in 2015 driven by sophisticated mobile ad-serving platforms

Advergaming

- $375M market in 2010 and forecast to grow to ~$600M in 2014, CAGR 13%
- Mobile advergaming is driving growth with brands like P&G that contract to develop games like Luvs Poopdeck and Yuck Mouth

Other

Subscriptions

- Continues to be a dominant model for core gamers on console and PC platforms
- So far, few mobile and social games employ a paid subscription revenue model

Expansion Content

- Employed for games on consoles and PCs
- Due to lower price points, expansions come in the form of sequels for mobile games

Source: 148Apps.com, PWC, Juniper Research, Startup Mktg blog, Peter Christensen blog, Mobile Open, TriplePoint, Pocket Gamer, iTunes, Accenture analysis.

Outline

- Market Size
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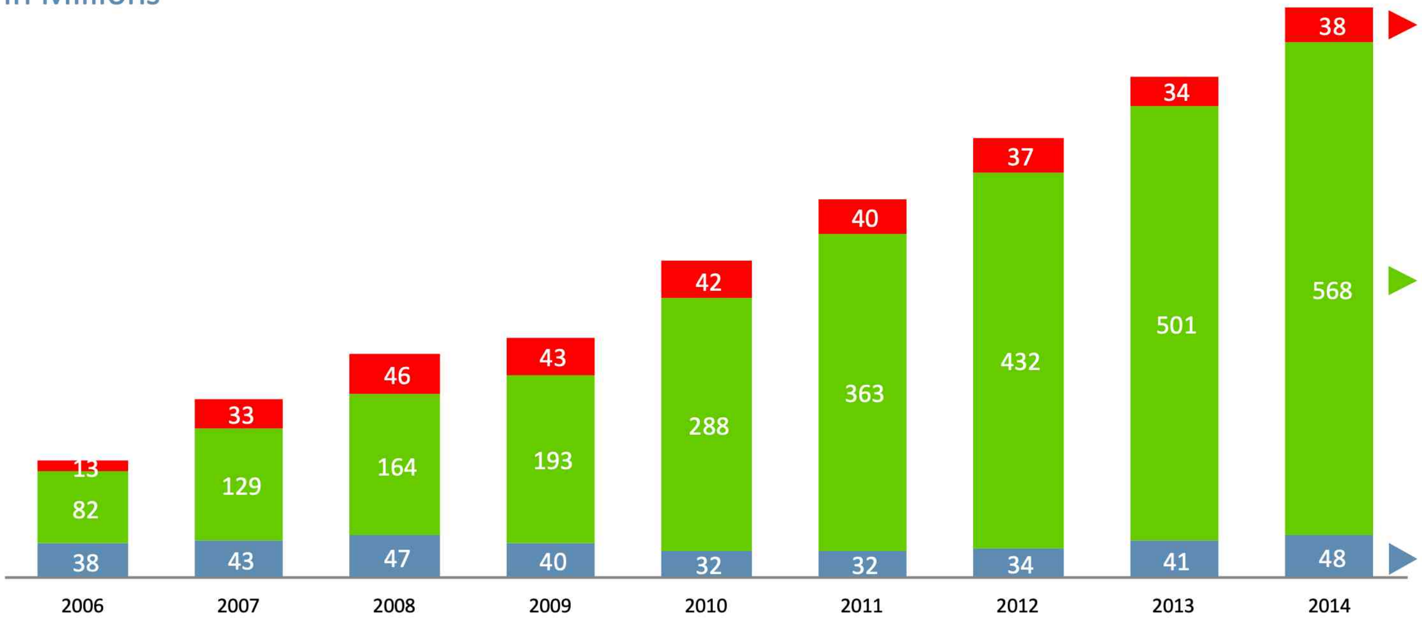
  - Pricing and Positioning

Over next three years, mobile and handhelds will lead the growth in gaming devices.

Global annual gaming device shipments, 2006-2014

Unit Shipments in Millions



CAGR (%)

	'06-'10	'10-'14	'06-'14
Online consoles	-25.2%	-2.42%	14.2%
Cell phones, PMPs and Media tablets	26.8%	18.5%	27.3%
Handheld Devices	4.9%	10.9%	2.8%

Installed Base (millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Online consoles	18	67	137	207	274	341	400	445	493
Cell phones, connected PMPs and media tablets	237	327	414	525	613	696	734	785	838
Handheld Devices	132	169	201	216	216	224	249	281	314

- Powerful connected CE devices are all capable of playing games, which creates an enormous installed base of HW capable of playing games
- New connected CE devices open up the market to a broader set of games beyond those traditionally played on consoles

Source: IDC: WW Dedicated mobile game HW, WW Connected console, Accenture analysis.

While console growth has slowed, game play innovation is engaging a wider audience base.

Innovations in Gameplay Driving Console Adoption

Product	Controller	Gameplay	Description	Units Sold	Impact on Console Sales
PlayStation Move			• Motion-sensing game controller platform	• 2.5 M. units in 1st month after launch	• PS3 sales were down in Japan post launch of Move*
Wii			• Motion-control video game console	• 20 M. units in 1st year after launch	• 73% increase in annual sales post launch of Wii
KINECT for XBOX 360			• Controller-free gaming and entertainment experience	• 8 M. units in the 1st 60 days after launch	• 42% YOY increase of Xbox 360 sales in month after Kinect launch

* Sony hasn't released official numbers of sales of the PlayStation Move, indicating that it hasn't performed as well as expected.

Source: USA Today, Engadget, Boy Genius Report, Fool.com, N4G, Accenture analysis.

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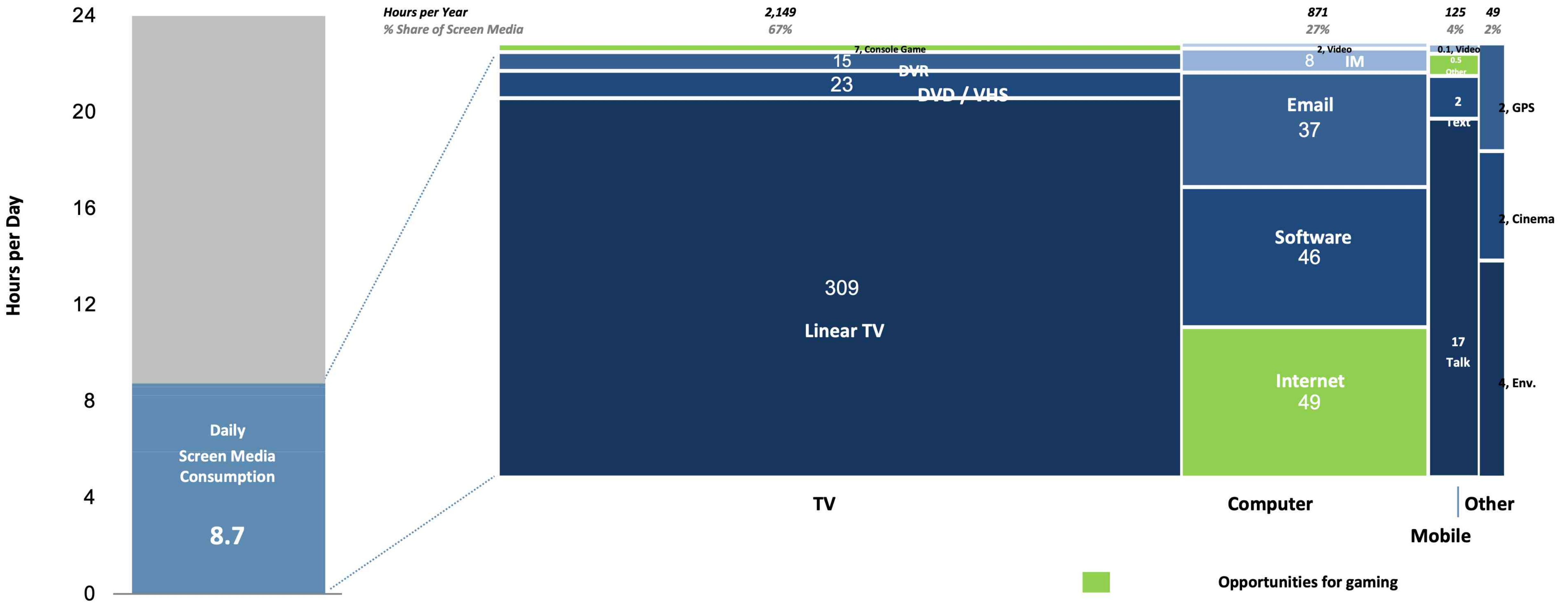
The average US consumer Internet time is six-times that of console and mobile gaming.

Average Daily Screen Time, US

Hours per year

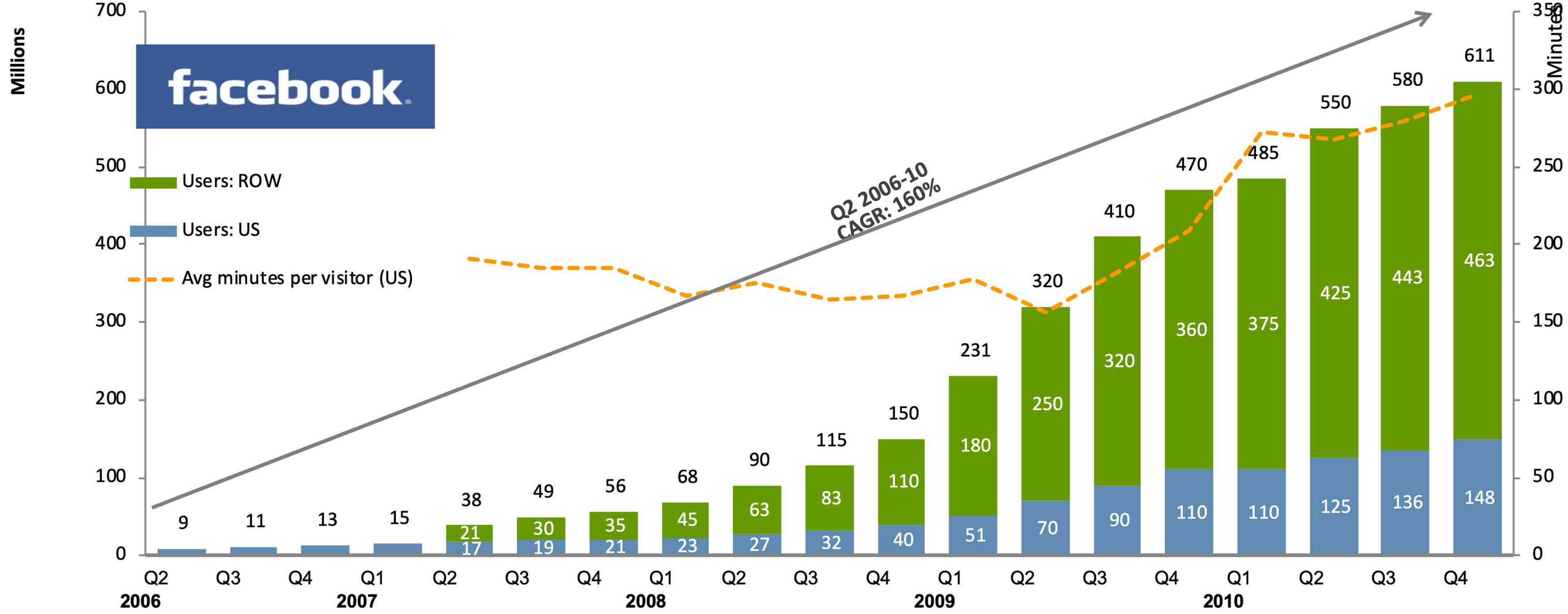


Source: Ball State University, 2009 *Video Consumer Mapping Study*, Accenture analysis.

Increasingly, consumer Internet time is devoted to social networks and social games.

US and International Facebook Users

Millions, 2006 – 2010



- Average minutes per user for Jan 2011 reported as 350, indicating a sustained increase.

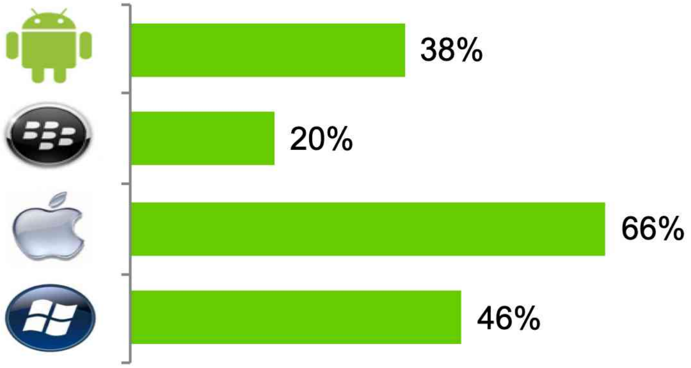
Source: Facebook, Socialbakers, comScore, Accenture analysis.

The availability and popularity of games on app stores is driving consumer wireless game adoption.

Number of Game Apps Jan 2011
27,473
1,863
47,704
447

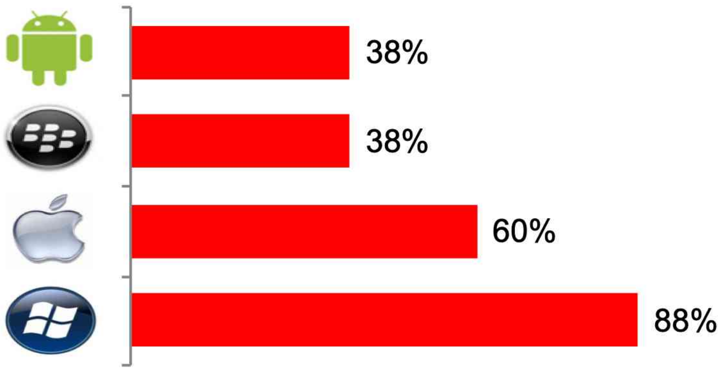
Free Game Apps, Jan 2011

Percent of Top 50 Free Apps



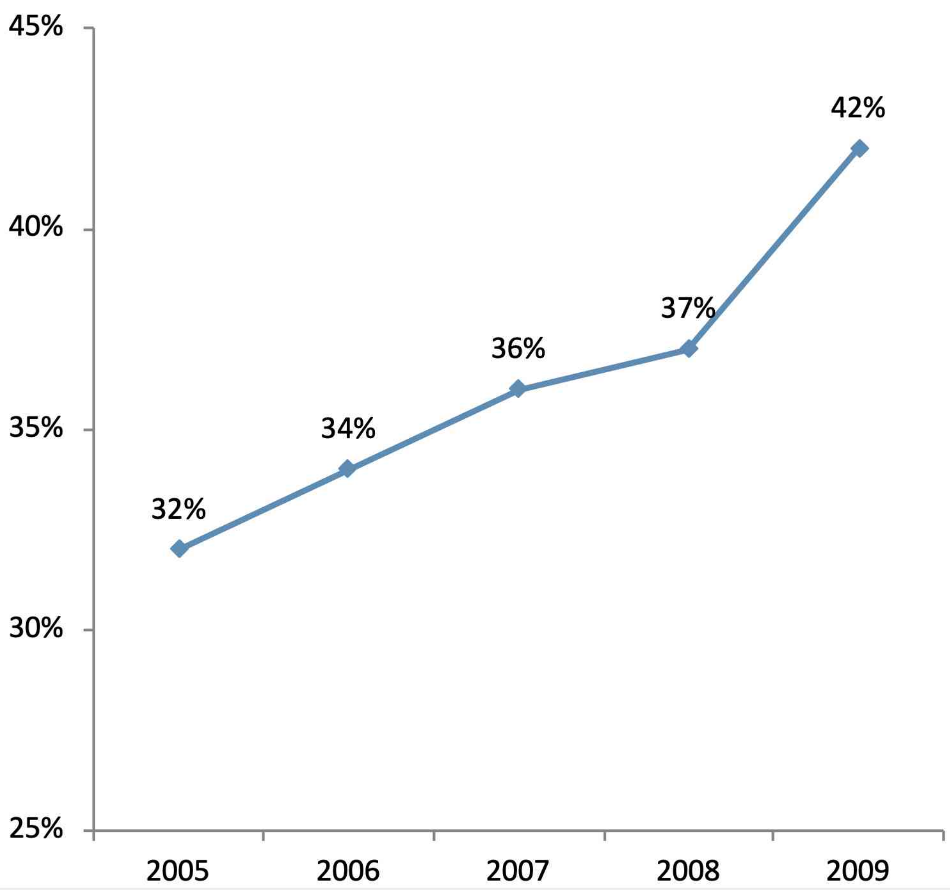
Paid Game Apps, Jan 2011

Percent of Top 50 Paid Apps



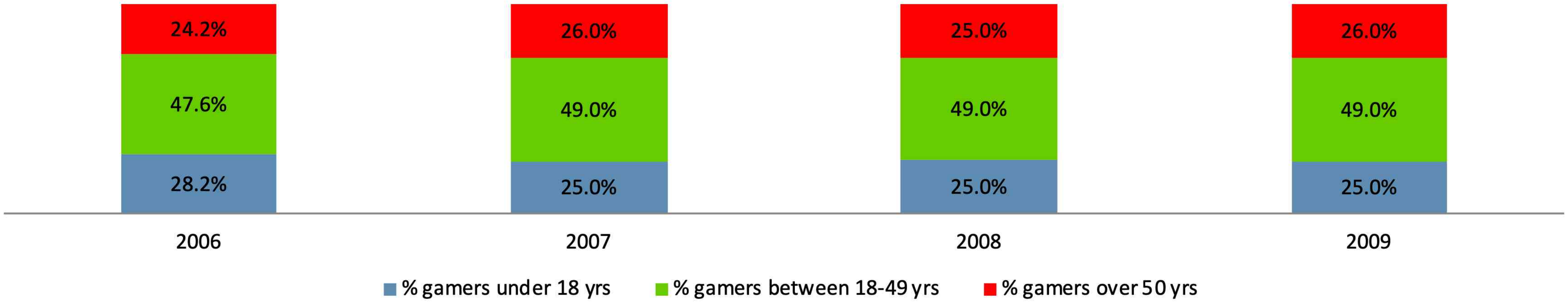
US Gamers on wireless devices, 2005-09

Percent of US gamers

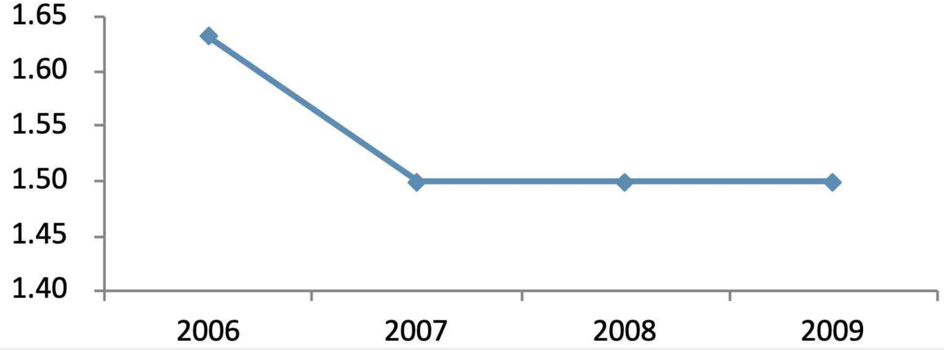


Gamer age demographics remain stable while females are gaming more.

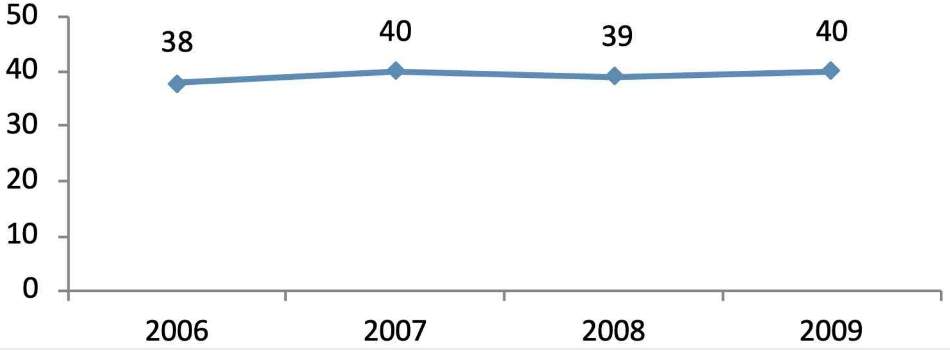
Gamer Age demographic, 2006-09



Male to female gamer ratio, 2006-09



Average age of game purchaser, 2006-09



Source: Entertainment Software Association (ESA)

Core gamers are characterized by affinity for small number of hit titles, high engagement and low price sensitivity.

	Core Gamer
Demographic	• Predominantly male between ages 18 and 40
Location	• At home – usually on a video console
Usage	• 46 hrs/week. • Infrequent play, longer dedicated sessions
Genre	• Action / Adventure
Engagement Level	• High
Social Network	• Online and offline social network • Community network with common passion
Purchase Behavior	• Game purchase, Subscription-based MMORPG
Price Sensitivity	• Willing to pay premium for new releases. Also, does trade-ins and pre-orders.

2007 Core Gamer

#1 Purchasing Factor

Superior Graphics and/or Superior sound

Average Age of Gamer

35 years

Average Age of Purchaser

39 years

2010 Core Gamer

#1 Purchasing Factor

"This console plays the game titles I really like (it has the best game catalog)"

Average Age of Gamer

34 years

Average Age of Purchaser

40 years

Casual gamers are characterized by desire for convenience, lower engagement and higher price sensitivity.

	Casual Gamer
Demographic	• Varied demographic
Location	• Whenever convenient – usually on PC, phone, or tablet
Usage	• 4 - 26 hrs/week. • Frequent play, short sessions
Genre	• Puzzles, Card and Board games
Engagement Level	• Low
Social Network	• Highly active online social network
Purchase Behavior	• Free-to-play, Micro transactions, pay to download
Price Sensitivity	• Unwilling to pay premium • Multiple purchases at low, or no price

2007 Casual Gamer

Preferred Method of Play
Online on PC

Type of Play
Individual

Affinity to Online Game Brands
Low

2010 Casual Gamer

Preferred Method of Play
On Social Networks

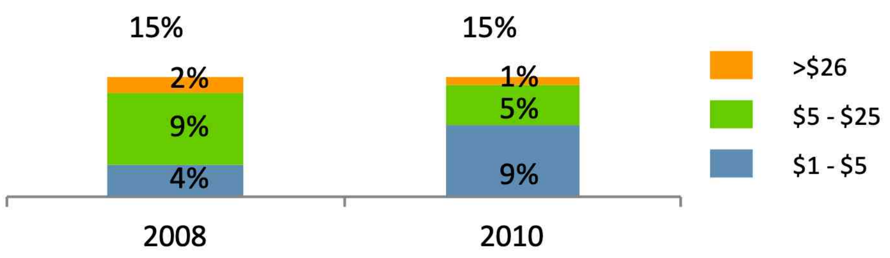
Type of Play
More social

Affinity to Online Game Brands
Medium to High

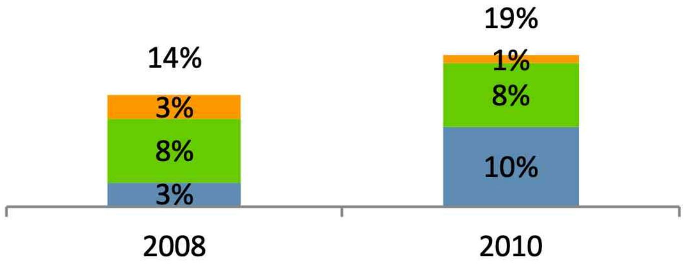
Source: Forrester, Gartner, Parks Associates, PWC, Accenture analysis.

Online subscription volume and pricing trends are down while virtual goods volume and spending is gaining.

Respondents that pay a subscription fee to play in a virtual world, 2008-10
Percent of Respondents



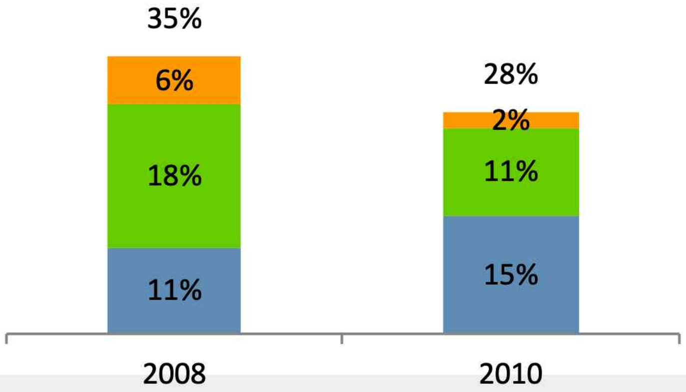
Respondents that purchase in-game virtual items, 2008-10
Percent of Respondents



- Increase in virtual goods transactions
- Mobile and social game adoption shifting consumers towards lower priced virtual goods

Respondents that subscribe to massively multi-player online role play games, 2008-10
Percent of Respondents

Respondents that subscribe (pay monthly fee) to premium online game services, 2008-10
Percent of Respondents



- Decline in overall percent of respondents paying for subscriptions
- Shift towards lower priced paid subscriptions

Source: Parks Associates, Accenture analysis.

Consumers are embracing gamification, which is when real world activities become a form of game.

Games in non-traditional gaming spaces

Enablers

- **Constant Connectivity**
  Increase in smartphones, tablets and other portable connected devices.
- **Social Network**
  High adoption of social networking sites
- **Social Gaming**
  Increased social gaming on online social networks
- **Gaming dynamics**
  Raising old school gamification to a new level through connectivity

Gamification in Action

	foursquare	scvngr	shopkick	American Idol
Scoring Mechanics	Points, badges, mayor, prizes	Points, badges, real world awards	Kickbucks for shopping	Number of votes after each show
Game Play	Explore different venues	Go places, take on a challenge	Explore different venues	Voting for contestant
Community Interaction	Share with network/ friends	Share with network/ friends	Share with network/ friends	Facebook, Twitter, online community
Current User base	6 M	0.6 M	0.75 M	40 M

Success Factors

- Immediate and positive feedback cycles
- Clear goals and rules of play
- Compelling narrative
- Tasks that are challenging but achievable
- Glorified status and Social recognition

Source: Gartner, foursquare, Scvngr, Shopkick, Bostinnovation.com, Accenture analysis.

Implications of trends to XBLM.

- Cheaper, more powerful technology on non-console devices provide more gaming options for consumers, which reduces the use of XBLM as an entry point to gaming
- Developer and publisher focus ensures breadth of games available on new platforms providing consumers with greater game options outside XBLM
- Growth of the non-core gamer segment on XBLM shifts average gaming preference from AAA type games to other type of games
- Downward pressure on pricing for games on emerging platforms threatens the value of undifferentiated games on XBLM as consumers associate certain game types with lower prices
- Increased price sensitivity for subscriptions, and shift of gaming spend to virtual goods challenges XBLMs current subscription model pricing

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Key Marketplace Competitor Landscape

Marketplace Competitors by Gaming Focus Area

Streaming Vendors	Mobile	Social	Retailers	Gaming Console Manufacturers	Major Publishers
• Gaikai • OnLive	• Android Market • iTunes Store	• Facebook • Zynga	**Digital/Physical** • Amazon • Best Buy • GameStop **Physical Only** • Wal-Mart **Digital Only** • GameTap • Steam	• Nintendo Wi-Fi Connection • Nintendo Wii Shop Channel • PlayStation Store • Xbox Live Marketplace	• Blizzard • EA Store

- The companies listed above were the only ones assessed for the competitive analysis
- The intent of the competitive analysis wasn't to be comprehensive but provide a directional sense of the landscape

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Marketplace competitors are making a stake in the digital space.

Revenue Models Employed in Marketplaces

		Digital				Physical			
	Companies	A la carte	Subscription	Website ad revenue*	In-game ad revenue**	A la carte	Subscription	Website ad revenue*	In-game ad revenue**
Streaming Vendors	Gaikai			•					
	OnLive	•	•	•				•	
Mobile	Android Market	•			•				
	iTunes Store	•			•				
Social	Facebook	•		•	•				
	Zynga	•			•				
Retailers	Amazon	•		•		•		•	
	Best Buy	•		•		•		•	
	GameStop	•				•			
	GameTap	•	•	•					
	Steam	•							
	Wal-Mart	•		•		•		•	
Gaming Console Manufacturers	Nintendo Wi-Fi Connection	•				•			
	Nintendo Wii Shop Channel	•							
	PlayStation Store	•	•		•				
	Xbox Live Marketplace	•	•		•				
Major Publishers	Blizzard	•		•		•		•	
	EA Store	•			•	•			•

* Revenue generated from 3rd party advertisements on website

** Revenue generated from in-game 3rd party advertisements

Source: Company Websites, Bing, Accenture analysis.

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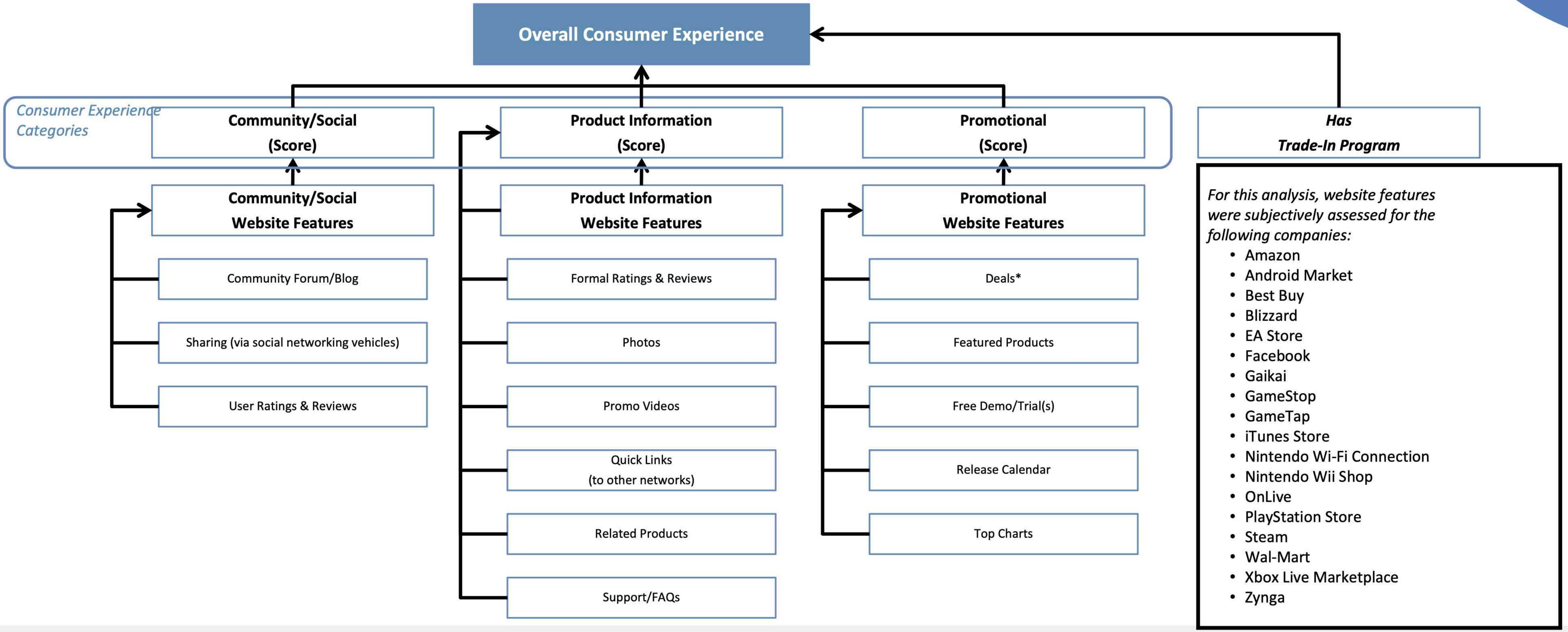
To compare online consumer experiences we evaluated sites on a set of categories, comprised of key features as inputs.

Consumer Experience Inputs



* Short-duration Deal (i.e. Deal of the Day, Weekend Special, etc.)

Source: Company Websites, Accenture analysis.

Each category was scored and then tallied to get to a final score on each of the dimensions of evaluation.

Calculating Individual Company's Consumer Experience Total Category Score

In order to assess each company's scores for the three main 'consumer experience' categories, applied the following calculation:

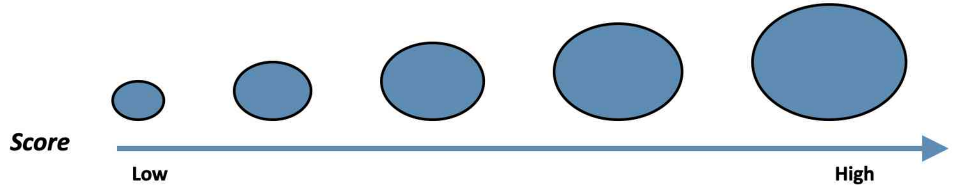
$$\textit{Total Category Score } (Z) = \sum \underbrace{\left\{ \textit{Website Feature Weight x Company's Rating } (r) \right\}}_{\text{Score}}$$

Used the following assigned numbers to calculate the individual website feature scores:

Assigned Value	Weight of Feature	Company's Rating (r)
1	Low	Bad
2	Medium	Average
3	High	Good

Positioned each company accordingly on the bubble chart after calculating the Product Information (x-axis) and Community/Social (y-axis) total category scores.

For the Promotional total score for each company, used varying bubble sizes to distinguish the impact of the promotional website features on the consumer's experience.



		Weight of Feature	Company's Rating	Score
Community/ Social Features	**Community Forum/Blog**	High	*r*	*y*
	Sharing	Low	*r*	*y*
	User Ratings & Reviews	Medium	*r*	*y*
	Company's **TOTAL** Community/Social Score			*Z*
Product Information Features	**Formal Ratings & Reviews**	Medium	*r*	*y*
	Photos	Low	*r*	*y*
	Promotional Videos	High	*r*	*y*
	Quick Links	Medium	*r*	*y*
	Related Products	Low	*r*	*y*
	Support/FAQs	Low	*r*	*y*
	Company's **TOTAL** Product Information Score			*Z*
Promotional Features	**Deals***	Medium	*r*	*y*
	Featured Products	Low	*r*	*y*
	Free Demo/Trial(s)	High	*r*	*y*
	Release Calendar	Medium	*r*	*y*
	Top Charts	Low	*r*	*y*
	Company's **TOTAL** Promotional Score			*Z*

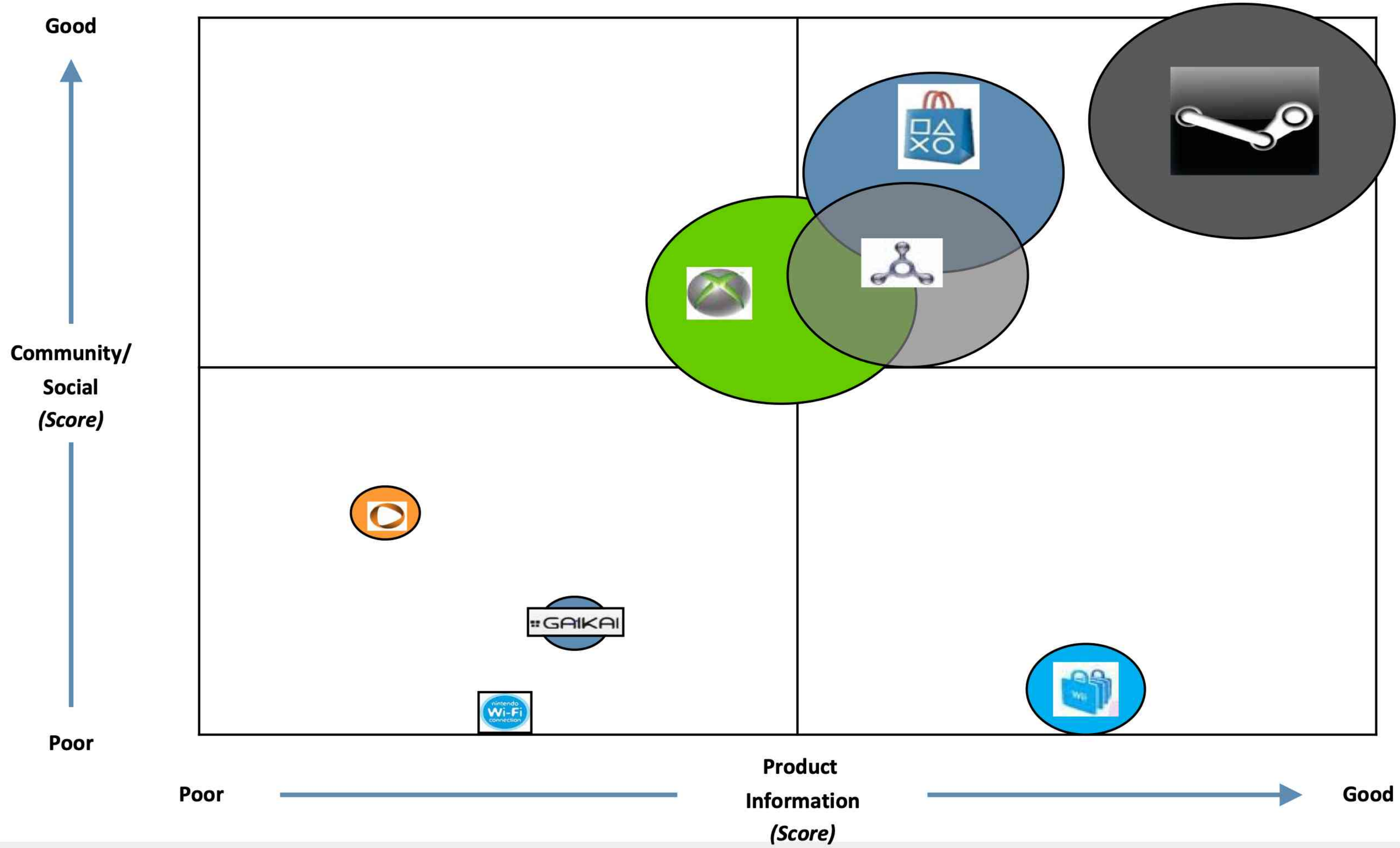
Bubble Chart Data

LEGEND
r **Company's Rating**
y **Company's Score per Feature**
Z **Company's Total Category Score**

Source: Company Websites, Accenture analysis.

Steam attempts to differentiate by providing the most comprehensive consumer experience of digital-only marketplaces.

Website Features Shaping Overall Consumer Experience for Digital Only Companies



Key Points

- For the majority of gamers, Steam is a gaming destination that combines social elements that gamers want, within an easy to use gaming service that offers key features:
  - Creation and use of "mods" of Valve's titles on the network
  - Sale of virtual goods in the form of digital weapons and accessories to enhance games
- Following Steam's lead, other digital market leaders – PlayStation, Xbox Live, and GameTap –provide a comprehensive experience for the gamer

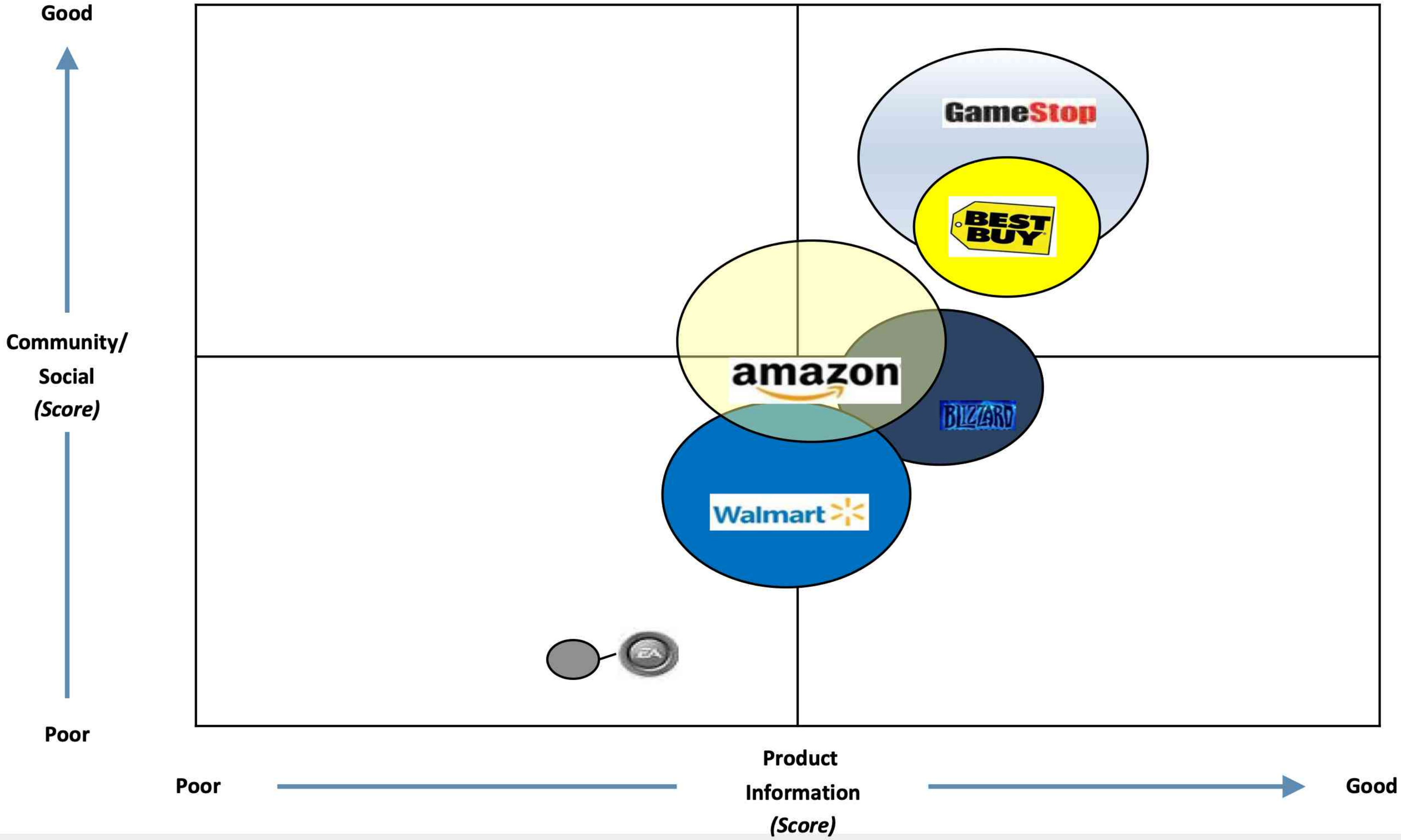
Legend:

Measure of promotional features on website

Source: Company Websites, Forbes, Accenture analysis.

GameStop and Best Buy attempt to use experience-based differentiation for their physical / digital marketplaces.

Website Features Shaping Overall Consumer Experience for Digital/Physical Companies



Key Points

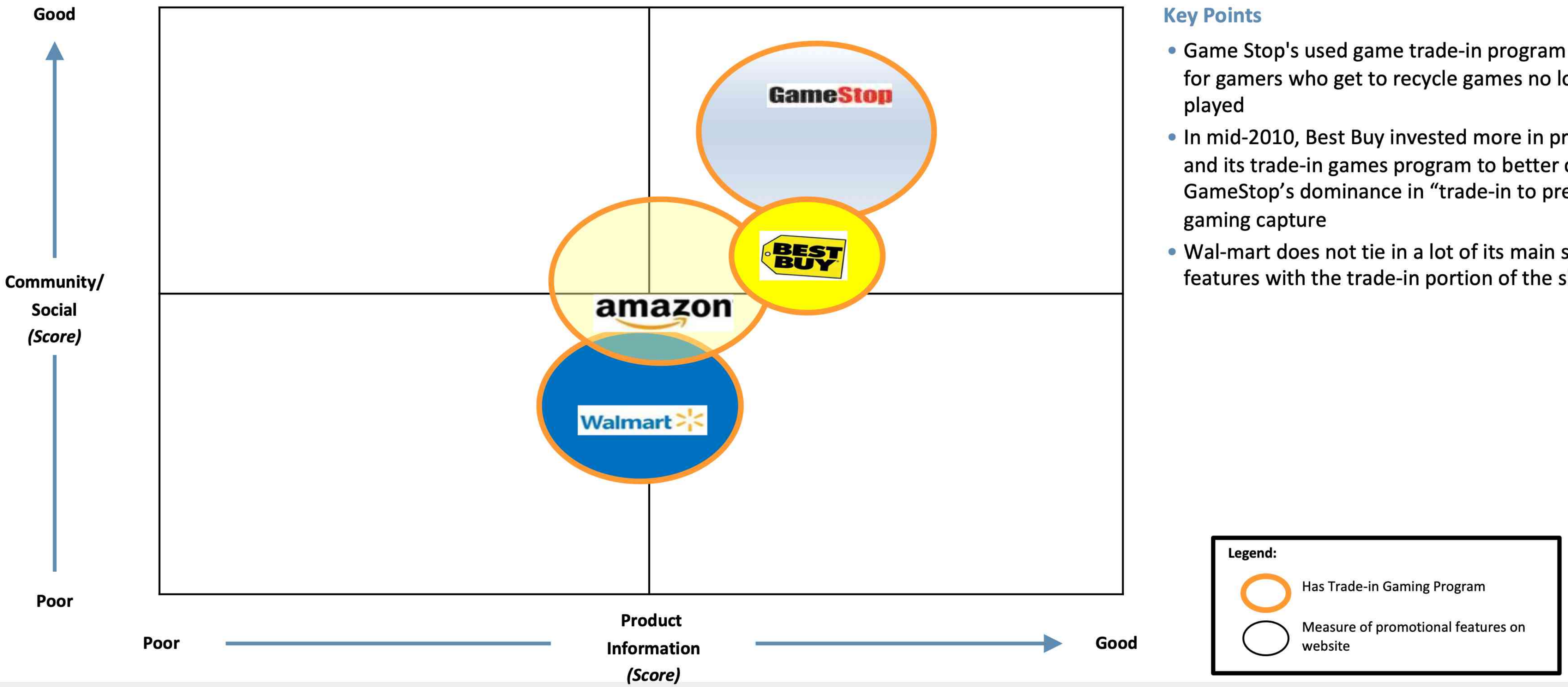
- GameStop provides the most comprehensive gaming experience among digital and/or physical retailers
- Best Buy provides similar website features as GameStop but does not provide many promotional deals on games
- EA doesn't focus on an enhanced consumer experience as its primary revenue stream is from sales on 3rd party sites
- Amazon focuses on providing the most available games at a discount to be the low-cost leader in the gaming industry

Legend:

Measure of promotional features on website

All physical retailers are employing games trade-in programs to capture gamers earlier on in the game lifecycle.

Website Features and Trade-In Gaming Services Shaping Overall Consumer Experience



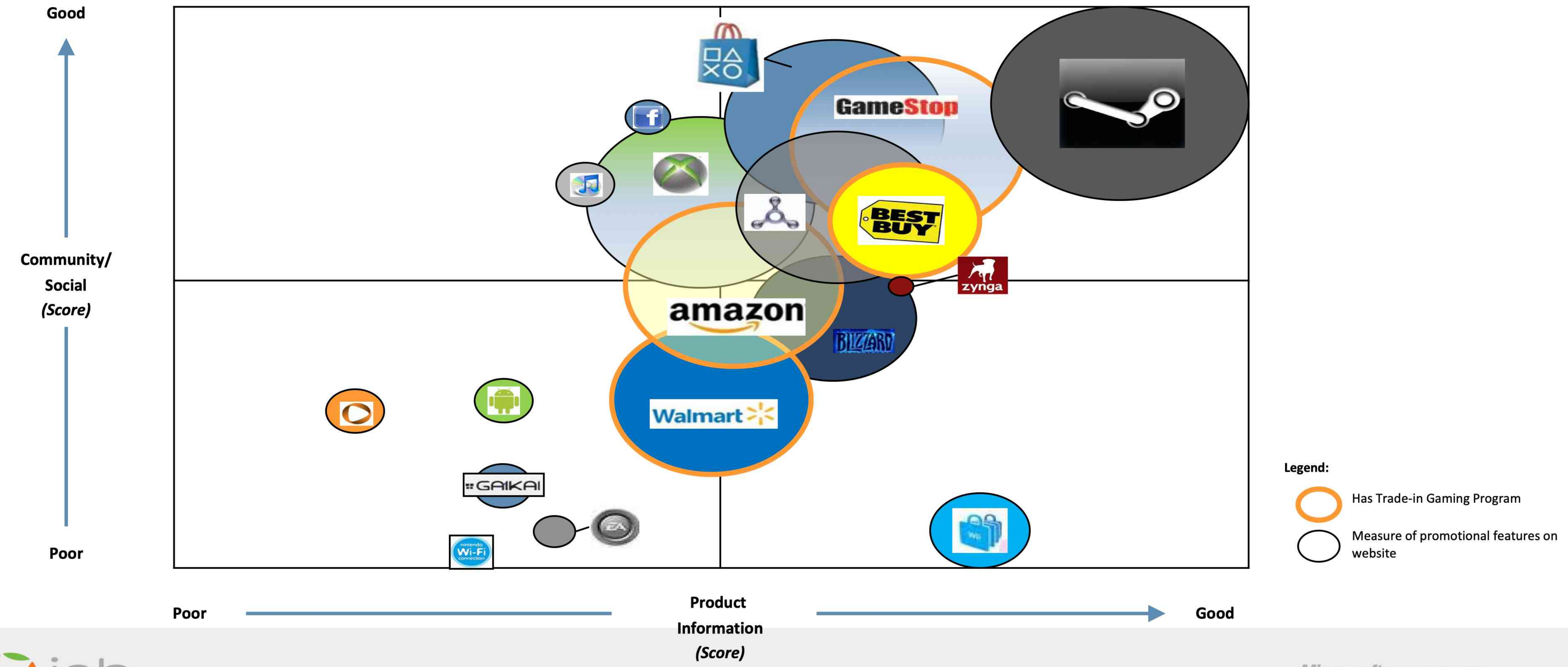
Key Points

- Game Stop's used game trade-in program creates value for gamers who get to recycle games no longer being played
- In mid-2010, Best Buy invested more in pre-order kiosks and its trade-in games program to better compete with GameStop's dominance in "trade-in to pre-order" gaming capture
- Wal-mart does not tie in a lot of its main site web features with the trade-in portion of the site

Source: Company Websites, Forbes, Accenture analysis.

Across the different competitors, Steam provides the most comprehensive consumer gaming experience.

Website Features Shaping Overall Consumer Experience



Source: Company Websites, Forbes, Accenture analysis.

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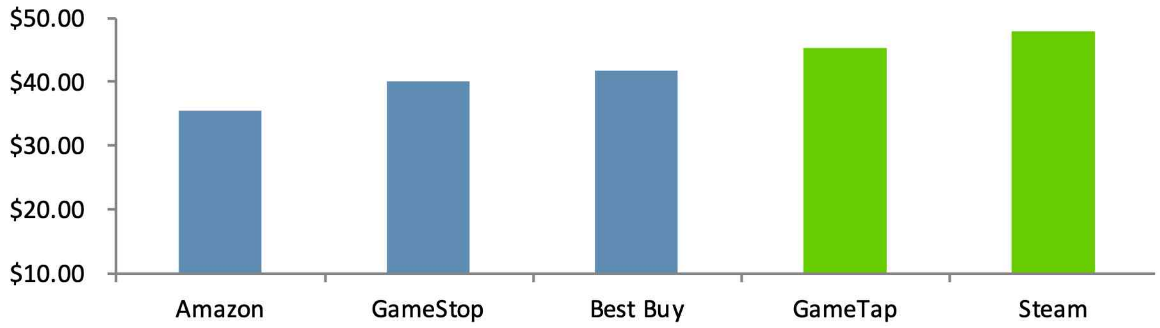
Notes on Pricing and Positioning Analysis

- The pricing and positioning analysis is based on snapshots of each retailers websites and the prices that were available during January and February
- The analysis is intended to be a directional indicator of pricing across retailers
- The positioning analysis across marketplace competitors is primarily based on features and promotions on the marketplace websites coupled with analysis of their publicly stated strategies

In a declining PC Game market, Steam maintains a premium digital position with marketplace features valued by gamers.

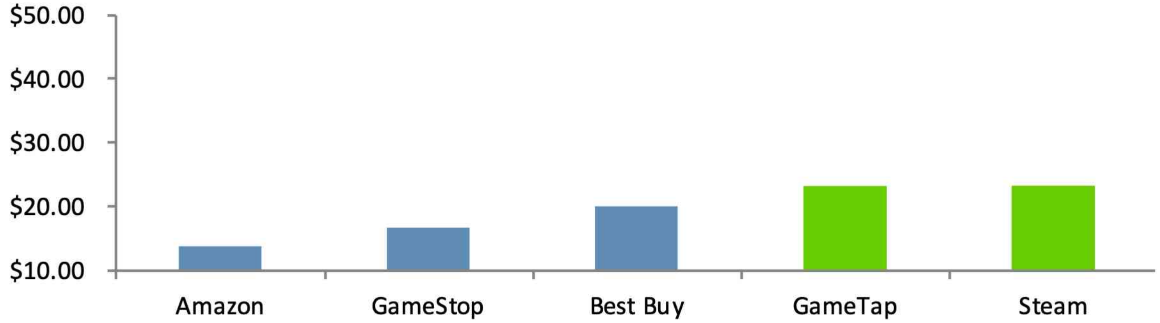
"With the introduction of each new platform feature released over the years — such as the Steam Community, Steam Cloud, and Steamworks — we've seen corresponding growth in account numbers, concurrent player numbers and developer support for the platform." – ***Valve***

Tier 1: Average Digital PC Game Price* by Retailer, Jan 2011



Color Key: **Market leader**

Tier 2: Average Digital PC Game Price** by Retailer, Jan 2011



* Average price is based on Tier 1Top 5 games of 2010 (Tier 1: >5 million games; 40% of market)
** Average price is based on the Tier 2 Top games of 2010 (Tier 2: 2-3million games)

Key Points

- Steam and GameTap have the highest prices and are still the market leaders
- Steam has over 50% market share of digitally downloaded PC games

Drivers of Value for Steam and GameTap

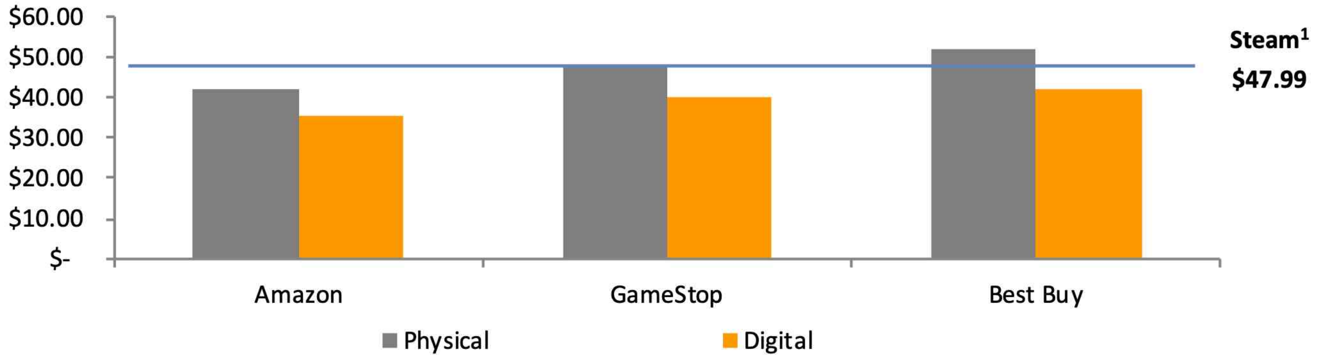
- Content Depth –
  - Steam has over 1,000 games from over 100 developers and publishers around the world
- Flexible Consumption Models –
  - Both companies offer monthly subscriptions ("all you can eat") which allow gamers to play a catalogue of selected premium and arcade games
- Social Tools –
  - A community/forum presence on each site is an attractive feature for core gamers as they are able to interact, develop relationships, and discuss the latest with other core gamers

Source: Amazon, Best Buy, GameStop, GameTap, Steam, Valve, Accenture analysis.

The leading destination for downloadable games, Steam, prices digital content higher than competitors and on par with physical games.

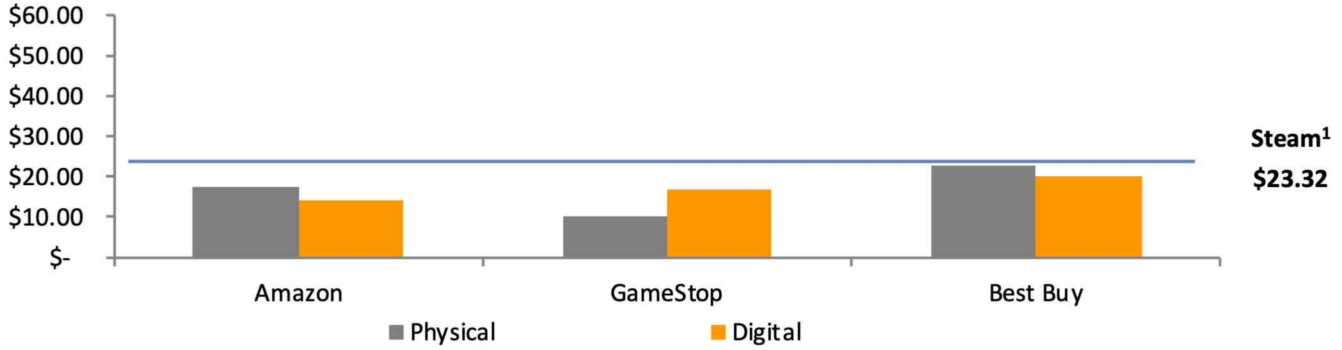
Tier 1: Average PC Game Price* by Medium, Jan 2011

US Dollars



Tier 2: Average PC Game Price by Medium, Jan 2011**

US Dollars



Hypothesis

- Convenience, community and platform features are drivers of value in digital games

* Average price is based on Tier 1Top 5 games of 2010 (Tier 1: >5 million games; 40% of market)

** Average price is based on the Tier 2 Top games of 2010 (Tier 2: 2-3million games)

1 Digital price only, as only digital content is offered on Steam

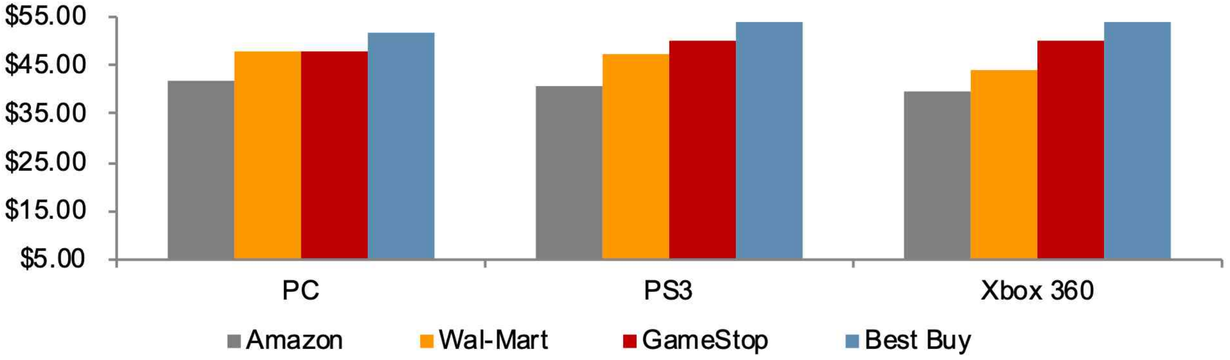
Source: Amazon, Best Buy, GameStop, GameTap, Steam, Accenture analysis.

In physical games, current retailer price positioning is consistent across game platforms for Tier 1 and Tier 2 games, except for Tier 2 physical PC games.

"Only AAA videogames are profitable in the current market and return a significant ROI for retailers and publishers" – The Escapist

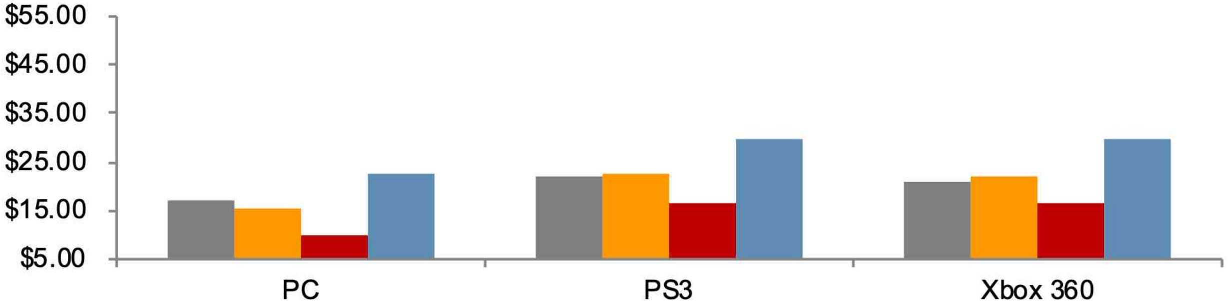
Tier 1: Average Physical Game Price* by Platform, Jan 2011

US Dollars



Tier 2: Average Physical Game Price by Platform, Jan 2011**

US Dollars



* Average price is based on Tier 1Top 5 games of 2010 (Tier 1: >5 million games; 40% of market)

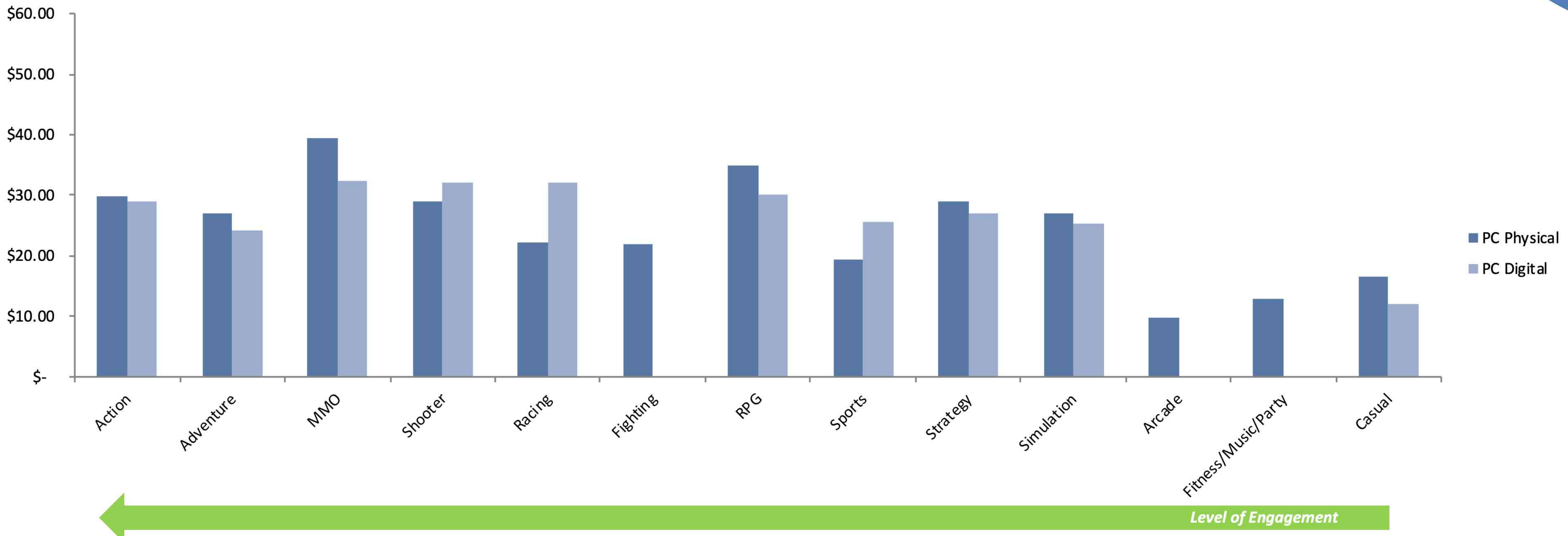
** Average price is based on the Tier 2 Top games of 2010 (Tier 2: 2-3million games)

Key Points

- Amazon, the low-price leader in the market with a low cost structure, offers discounted prices across all products (not just games) to generate revenue and achieve high-volume sales across product categories
- GameStop enjoys "a monopolistic loyalty base among the under 25 crowd", which gives them pricing power to maintain premium pricing
- GameStop stores are a destination for game buyers because:
  - Knowledgeable and enthusiastic sales associates make the store a destination for core gamers wanting to discuss games
  - Sales associates provide recommendations to non-core gamers seeking assistance with their game purchase
- Gaming on demand and windowing will change positioning of retailers in physical games

MMO games are the most expensive genre for PC games given the costly infrastructure; ease of search and lower prices encourage gamers to purchase digital over physical PC games.

PC Physical and PC Digital Products' Average Pricing per Genre Across Major Retail Outlets*



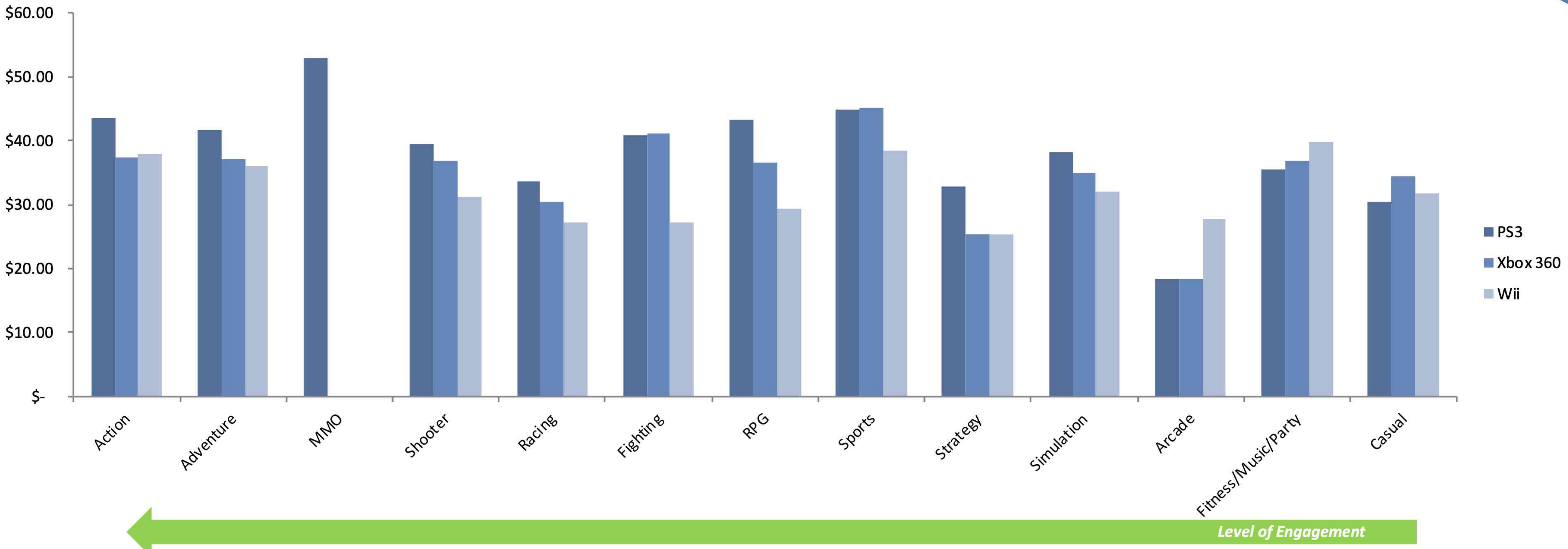
***Note:** Findings were deemed inconclusive since bestselling lists from each company were a current day snapshot versus over a period of time. Please see appendix for more details.*

* Retail Outlets: For PC physical products, looked at top 10 bestselling games from Amazon, Best Buy, EA, and GameStop; For PC digital products, looked at GameTap and Steam

Source: Company Websites, Google, Accenture analysis.

PS3 games are priced higher than the other platforms' for higher level of engagement type games; Wii is the preferred console for social and casual interactive games.

Physical Products' Average Pricing per Genre by Gaming Console Platform Across Major Retail Outlets*



Note: *Findings were deemed inconclusive since bestselling lists from each company were a current day snapshot versus over a period of time.*
Please see appendix for more details.

•Retail Outlets: Looked at top 10 bestselling games from Amazon, Best Buy, EA, GameStop

Source: Company Websites, Google, Accenture analysis.

Amazon is the only retailer to actively use pricing promotions on pre-order; others tend to use bundles.

Promotions on Pre-Order Games Across Retail Outlets

	Retail Outlets							
	Amazon	Best Buy	EA	GameStop	GameTap	Steam	MSRP ($)	Release Date
Battlefield 3	$59.99/ $49.99** (17% off)	$59.99	$59.95	$59.99	N/A	N/A	$59.95/ 59.95*	Fall 2011
Bulletstorm	$57.99 (3% off + $10 credit)	$59.99	$59.95 (In-game items)	$59.99	N/A	N/A	$59.95	February 22, 2011
Crysis 2	$57.95 (3% off + $10 credit)	$59.95	$59.95 (In-game items)	$59.95	$56.99 ($4% off)	N/A	$59.95	March 22, 2011
Dragon Age II	$59.95 (In-game items)	$59.95	N/A	$59.95 (In-game item)	$59.95	$59.99 (in game items)	$59.95	March 8, 2011
Homefront	$59.99/ $47.99** (4% off)	$49.99*/ $59.99 (Gaming headset)	N/A	$59.99 (In-game items)	$49.99*	$49.99* (free Metro 2033 game)	$49.99*/ $59.99	March 8, 2011
Marvel vs. Capcom	$59.99 ($10 credit)	$59.99	N/A	$59.99	N/A	N/A	$59.99	February 15, 2011
Total War: Shogun 2	$49.95*	$49.95*	N/A	$49.95	$49.95*	$49.99*	$49.99*	March 15, 2011
Two Worlds II	$49.82*	$59.99	N/A	$49.99*/ $59.99	$49.99*	$49.99*	$49.99*/ $59.99	January 25, 2011

* Digital product price only; **Prices vary across gaming platform (Xbox 360/PlayStation 3 vs. Windows 7)

Source: Company Websites, Google, Accenture analysis.

Steam runs weekly promotions with significant price drops.

Snapshot of Steam Promotions, Jan – Feb, 2011

	-4 weeks	-3 weeks	-2 weeks	-1 week	Current Week
# of Discounts Per Week	6	13	5	11	7
Avg. Price Drop	$8.66	$7.72	$8	$6.55	$11.57
Range of Drop	Max: $20 Min: $0.01	Max: $20 Min: $5	Max: $15 Min: $5	Max: $20 Min: $2	Max: $20 Min: $8
Avg. Price Increase	N/A	$3	N/A	N/A	N/A
Range of Increase	N/A	Max: $3 Min: $3	N/A	N/A	N/A

Total # of Unique Games Discounted = 39

Core game market leaders are currently targeting the mature gamer.

Target Customer* by Company

	Streaming Vendors		Mobile		Social		Retailers						Gaming Console Manufacturers				Major Publishers	
	GAIKAI					zynga	amazon	BEST BUY	GameStop			Walmart	nintendo Wi-Fi connection				BLIZZARD	
Mature Gamer (17+ yrs old)	•	•								•	•				•	•	•	•
Casual Gamer			•	•	•	•				•								
Everyone			•	•	•	•	•	•	•			•	•	•				
Female-Friendly			•	•	•	•	•	•				•	•	•				
Family-Oriented							•	•				•	•	•				

Key Points

- Major streaming vendors, publishers and gaming console manufacturers are marketing their products to the mature gamer; they feature a large selection of "mature" games and website presentation is geared towards an older audience
- Premium-priced games are typically played and purchased by the "mature" core gamer
- Mobile and social companies target casual gamers with games for all ages
- EA's casual gaming site, Pogo, has a very different marketing spin than its main EA Store site
- Companies try to maintain a premium experience for their mature core gamer

*Target customer is determined by evaluating the marketing focus and content provided by the company and its website

Source: Company Websites, Wikipedia, Accenture analysis.

Implications of marketplace competition to XBLM.

- Competing marketplaces are focused on or shifting focus to digital games, and they are trying to find ways to differentiate
- The many digital marketplaces provide consumers with more places to buy games, which could chip away at XBLM's market share
- Most marketplace share the same focus on the core gamer segment
- Core gamer focused marketplaces have yet to figure out how to monetize the growing casual gamer segment in a meaningful way
- The marketplace that figures out how to successfully migrate casual gamers to more of a core gamer type spending and behavior will reap rewards

Appendix

- Video Game Genres
- Revenue Model Descriptions

Video Game Genres (A-M)

Definitions of Genres and Examples

	Definition	Game Examples
Action	Requires players to use quick reflexes, accuracy, and timing to overcome obstacles; Often gameplay has emphasis on combat.	Dead Space, Assassin's Creed series, Call of Duty, Resident Evil series, Grand Theft Auto
Adventure	Uses interactive graphics and point-and-click functionality; Puzzle-solving theme and general lack of violence makes this genre popular for many non-traditional gaming demographics.	King's Quest, Indiana Jones, Maniac Mansion, Myst, Police Quest, Syberia
Arcade/ Classics	Uses simplified graphics aimed at preserving the antiquated coin-operated machine games.	Gaplus, Star Force, Space Invaders (Wii Virtual Console); Asteroids, Tron, Missile Command (Xbox Live Arcade)
Casual*	Have very simple rules or play techniques and a a very low degree of strategy: Require no long term commitment.	LittleBigPlanet, Crazy Frog Racer, Carnival Games, Wii Play, Tetris
Fighting	Player controls an on-screen character and engages in close combat with an opponent.	Street Fighter, Soul Calibur, Mortal Kombat, Tekken, Dead or Alive, King of Fighters
Fitness/ Music/Party	Generally require a specialized controller and are differentiated by the timed elements usually synched to music.	Dance Dance Revolution, Parappa the Rapper, Bust a Groove, Gitaroo Man, Beatmania
Indie	Created by individuals or small teams; Often focus on innovation and rely on digital distribution.	Braid, World of Goo, Minecraft
MMO	Multiplayer video game capable of supporting thousands of players simultaneously; Played on the internet; Can enable players to cooperate and compete with each other on a large scale; game milieu continues regardless of interaction.	World of Warcraft, EverQuest Online Adventures, Final Fantasy XI, Happy Farm

Source: Ted Stahl: Video Game Genres, 2005; Wikipedia; Accenture analysis.

Video Game Genres (N-Z)

Definitions of Genres and Examples

	Definition	Game Examples
Racing	Place the player in the driver seat of a high performance vehicle to partake in a racing competition on land, sea, or air.	Midnight Club, Mario Kart, Grand Prix Legends, Live for Speed, iRacing
RPG	Type of adventure game that usually incorporate a specific quest, a process for evolving a character, and the acquisition and management of inventory items for the quest.	Mana series, Soul Blazer, Diablo series, Final Fantasy series, Elder Scrolls series
Shooter	Focus on combat involving projectile weapons in which the player navigates an environment from a first or third-person perspective; Allows multiple players to share in the same game simultaneously.	Doom, Halo, Duke Nukem 3D, Descent, Marathon, GoldeenEye, Quake, Time Splitters
Simulation	Allows players to create and manage an environment; Designed to closely simulate aspects of real or fictional reality.	SimCity, Theme Hospital, MicroSoft Flight Simulator, Gran Turismo, Ceasar
Sports	Simulate the playing of sports; Many incorporate novel aspects beyond the games themselves.	Madden NFL series, Championship Manager
Strategy	Attempt to capture a sense of realism for the game player to experience; Turn-based with greater sense of player control.	Ogre Tactics, Command and Conquer, Worms
Virtual World	Online community that often takes the form of a computer-based simulated environment through which users can interact with one another and use/create objects.	Everquest, Lineage, World of Warcraft, Second Life

Source: Ted Stahl: Video Game Genres, 2005; Wikipedia; Accenture analysis.

Video Game Genres in order of engagement (1/2)

Definitions of Genres and Examples

	Definition	Game Examples
Action	Requires players to use quick reflexes, accuracy, and timing to overcome obstacles; Often gameplay has emphasis on combat.	Dead Space, Assassin's Creed series, Call of Duty, Resident Evil series, Grand Theft Auto
Adventure	Uses interactive graphics and point-and-click functionality; Puzzle-solving theme and general lack of violence makes this genre popular for many non-traditional gaming demographics.	King's Quest, Indiana Jones, Maniac Mansion, Myst, Police Quest, Syberia
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RPG	Type of adventure game that usually incorporate a specific quest, a process for evolving a character, and the acquisition and management of inventory items for the quest.	Mana series, Soul Blazer, Diablo series, Final Fantasy series, Elder Scrolls series

Source: Ted Stahl: Video Game Genres, 2005; Wikipedia; Accenture analysis.

Video Game Genres in order of engagement (2/2)

Definitions of Genres and Examples

	Definition	Game Examples
Sports	Simulate the playing of sports; Many incorporate novel aspects beyond the games themselves.	Madden NFL series, Championship Manager
Strategy	Attempt to capture a sense of realism for the game player to experience; Turn-based with greater sense of player control.	Ogre Tactics, Command and Conquer, Worms
Virtual World	Online community that often takes the form of a computer-based simulated environment through which users can interact with one another and use/create objects.	Everquest, Lineage, World of Warcraft, Second Life
Simulation	Allows players to create and manage an environment; Designed to closely simulate aspects of real or fictional reality.	SimCity, Theme Hospital, MicroSoft Flight Simulator, Gran Turismo, Ceasar
Indie	Created by individuals or small teams; Often focus on innovation and rely on digital distribution.	Braid, World of Goo, Minecraft
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Casual*	Have very simple rules or play techniques and a a very low degree of strategy: Require no long term commitment.	LittleBigPlanet, Crazy Frog Racer, Carnival Games, Wii Play, Tetris

Appendix

- Video Game Genres
- Revenue Model Descriptions

Revenue Models Definitions

Revenue Model based in User Downloads	
Traditional Paid Downloads	Enabled by the online mobile app stores that closely followed introduction of console-based online stores
"Freemium" Trial and Upgrade	Provide trial or limited version that provides some value, and a premium version with more features/capacity. Revenue from paid version subsidized free version
"Freemium" Virtual Goods	Leverages a user base, created by giving away the game for free, to sell virtual goods and upgrades
Expansion Content	Leverages existing user base to sell follow-on gaming experiences, such as maps, levels, or tracks

Advertising based revenue model	
In-Game Advertising	Advertiser pays the developer for dynamically serving advertisements within a mobile game at the start (pre-roll) or end (post-roll) of the game, or at level breaks.
Advergaming	The advertiser pays the developer for preprogramming the brand into a mobile game i.e. Above / Below / Through the line (ATL, BTL, TTL) and through Product Placement. This viral marketing technique uses games as a vehicle for creating brand awareness, driving internet traffic, and promoting products and services
Ad-Funded Gaming	Advertisements are placed around the games on the mobile portal. Mobile games are for free to users. Developers pay for a prominent placement in the store. Developers bid for price per download. GetJar uses advertising revenue to buy popular mobile games, which drive traffic to the store
Subscription-based Revenue	Provide trial/limited version that with some value, and a subscription based premium version. Subscription based model has not yet proliferated within mobile games though it has some success in mobile apps.