The Epic Games Primer: Parts I-VI Directory — MatthewBall.vc

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3-4 minutes

This six-part series is designed to be an "Explain Like I'm (Twenty) Five" edition of Epic Games. Or if you want a throwback to the 1990s, when then-Potomac Computer Systems was founded, "Epic Games For Dummies". Technical terms and other details have been eschewed and simplified accordingly.

Epic Games was founded by Tim Sweeney and Mark Rein in 1991. Sweeney is the CEO and majority/controlling shareholder, while Tencent owns roughly 40%. As a private company, Epic does not publicly disclose its financials. According to press reports, it was valued at roughly $15B in 2018 (when it last raised capital) and is currently raising more at a "significantly higher" price, per Bloomberg.

Compared to Facebook, Amazon, Apple, Microsoft and Google, which are worth $600B to $1.4T, Epic's valuation is modest. However, Epic has the potential to become one of the largest, most influential tech companies in the world. This might seem hyperbolic to those who know Epic only as the marker of the hit video game *Fortnite: Battle Royale*. In fact, even long-time fans of Epic's games might find such a pronouncement odd given *Fortnite* has generated more revenue in three years than the rest of Epic has in almost as many decades. But behind the scenes, it looks increasingly likely that Epic will be at the very center of society's digital future.

This potential stems from the strength of Epic's core business, the Unreal Engine, which is already used to produce many of the world's leading games, movies and virtual experiences. This includes, of course, Epic's *Fortnite*, which is one of the most played and profitable online worlds globally. The popularity of this "game" is hard to miss; what's less apparent, though, is how this success has enabled Epic to rapidly transform and expand its business. This includes the 2018 launch of Epic Games Store, the 2019 beta-release of Epic Online Services and acquisition of social video app Houseparty, and the 2020 unveiling of Epic Games Publishing. And with 350MM+ users and 2.3B social connections, Epic now operates one of the Internet's largest and fastest growing social networks.

Epic's growing strength has already forced enormous change in the media and entertainment industry. This includes forcing blue chip giants like Sony and Microsoft to open up parts of their closed gaming ecosystems, convincing storied Hollywood giants to allow their franchises to intermingle, and showing the world that experiences once thought to be "IRL" only, like going to a concert with friends, had the potential to be even better when online-only.

But if Epic is successful in building out its 'flywheel', it will even more dramatically reshape the digital world - from data and privacy rights, to emergent technical standards, the distribution of profits, and the very ways in which humans work and relax. And all of this is critical to Sweeney's long-term vision of society's future: the Metaverse.

Throughout this primer, we will walk readers through each area of Epic Game - detailing why it exists, how it works, what it hopes to achieve, why it matters, and how it will strengthen Epic Games overall.