Cloudflare Workers for Gaming: Advertising
Product Management Internship Application

Market Analysis

With over 1.7 billion players worldwide, a large demographic across multiple devices spends a large portion of their time observing a virtual environment[1]. Just as we are influenced by advertisements in our day-to-day life, there is a unique opportunity for brands to advertise inside video games and for video game companies to capitalize on their unique user base. It is estimated that the in-game advertising (IGA) market in the US alone exceeds $3 billion with a 16% YoY growth[2]. The rise of free-to-play online games makes the video game companies behind them the perfect serviceable obtainable market to target. To learn more about the market, Cloudflare should consider the following potential initial clients for its IGA product offering: Riot Games' Valorant (1M active players, beta), Activision's Call of Duty Warzone (50 million players), and Epic Games' Fortnite (250 million players). Currently, the market lacks a sophisticated and distributed in-game advertising delivery provider for dynamic content that is fast, safe, and secure and gamers want the large amount of time invested inside video games to feel real and be valuable.

Product Vision

Cloudflare will be able to tap into this market and enhance their Cloudflare for Gaming product offering by adding an Advertising vertical to the product. Providing dynamic advertisement content amidst high compute and data processing video games is a challenge costly for video game companies to build inhouse. Cloudflare's delivery network and serverless infrastructure is poised to offer dynamic advertisements from sellers inside of video games. Combined with Cloudflare's Firebolt, Cloudflare can leverage its partnerships with ad networks as well as its technology build for delivering secure ads. Cloudflare Stream will enable video advertisements to be delivered to the end user inside of the video game, with the game developers only responsible for rendering the video or picture advertisement inside of the game (Figure 1). Ultimately, an IGA delivery service under Workers for Gaming will power a real-world experience inside video games and will expand to other virtual environments such as movies and virtual reality.

Figure 1: Dynamic In-Game Advertisements

[1] "Games Advertising Ecosystem Guide: Understanding Today's Game Play, The Core Game Types And Advertising Categories For Marketers To Reach Consumers". 2014. *IAB Games*. https://www.iab.com/wp-content/uploads/2015/10/IAB_Games_Ad_Eco_Guide.pdf.

[2] Wurmser, Yoram. 2019. "More Game Developers Turn To Advertising". Mobile In-Game Advertising. eMarketer. https://www.emarketer.com/content/mobile-in-game-advertising.

Product Launch and Market Entry

Before launching the product, it is important to obtain a MVP client that Cloudflare works with to build the technological infrastructure to support ads for one game. This way, we would be able to work directly with a customer to perfect the product, before releasing it to other companies to integrate Gaming Advertisement Workers. Cloudflare should launch silently with that client and obtain feedback from gamers to improve the quality of the product. Further, a focus group of gamers can be used to obtain direct feedback. Finally, when the product is verified with a handful of clients, Cloudflare will be ready to launch the product to all video game companies.

Key Performance Indicators

The following metrics will be important to continuously evaluate to determine the success of the product, both in the MVP testing phase and after launch.

- Time spent looking at advertisements per user. Advertisers will have incredible data around the success of the recommended ad, which in turn translates to the success of the Cloudflare Advertising product.
- Incremental Cloudflare Workers for Gaming customers and customers of In-Game Advertising. If a large percentage of users adopt this product, when ranked with other new products, success can be determined.
- Speed of advertisement delivery. It should be on par with Stream delivery speeds.
- Incremental Revenue for customers.

Risks & Mitigation

A few risks and potential pitfalls have been identified with the launch of this product, but mitigation strategies are in place to combat them.

- <u>Gamers may find advertisements distracting</u>: it will be important for Cloudflare to market the product to free-to-play games. Gamers will be more accepting of advertisements in a free game.
- <u>Ad-block solutions may be developed</u>: Cloudflare can prevent any bad web attempting to remove ads by using Argo.