

**GAME HISTORY &
INTRODUCTION**

GAME BUSINESS

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OUTLINE

Game Business Overview

- History
- Stats
- Shape

Overview of Game Development Players

Game Companies

- Developers and Publishers
- Timeline
- Examples



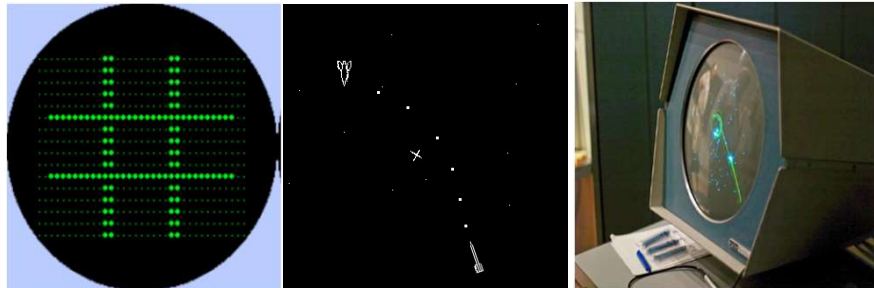
1960'S

In 1961, MIT students including Steve Russell created Space war! on PDP-1.

It was considered as the first successful and influential game.

TX-0 machine at MIT.

- Mouse in maze
- HAX
- Tic-Tac-Toe:

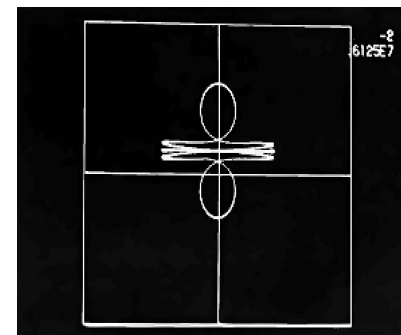


❑ Sega releases Periscope

➤ 1st arcade game, Electric shooting game

❑ In 1966, Ralph Baer , the first to display on standard television set.

1969- 1st home video game console.



FIRST GENERATION(1970 TO 1977)

The first home console—Ralph Baer—Magnavox Odyssey.



- University Mainframe computers.



Computer BaseBall



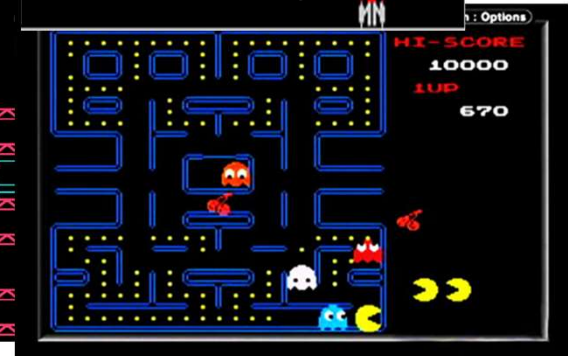
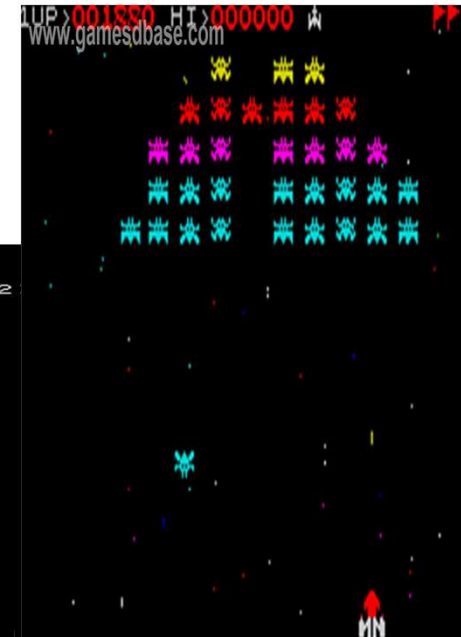
SECOND GENERATION(1977 TO 1983)

Video game crash of 1977.

Taito's Space invaders

2nd generation console

The golden age of video games-
1978 to 1983.



THIRD GENERATION(1983 TO 1995)

Nintendo released 8 bit console → The FamiCom

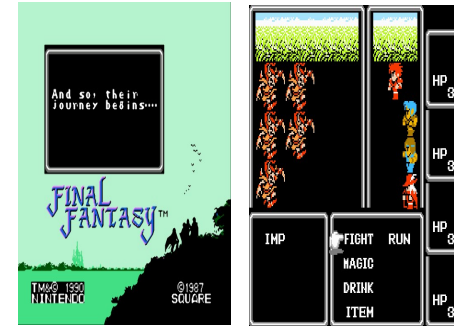
Offered in three tiered bundle:

→ Control Deck version

→ Super Mario Bros.

→ Deluxe Set.

The Action Set released in 1988



FOURTH GENERATION(1989 TO 1999)

Nintendo's next generation system → Super NES(SNES).

A list of major consoles are:

→TurboGrafx-16

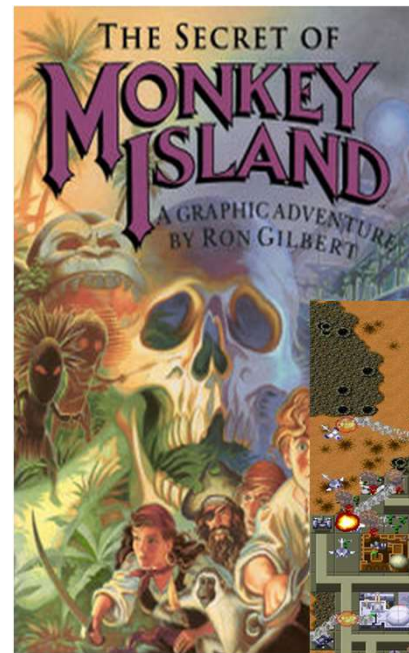
→Sega

→Sierra Entertainments

The formation of SNES to a joint venture with Sony

Shareware distribution was the popular method of publishing games.

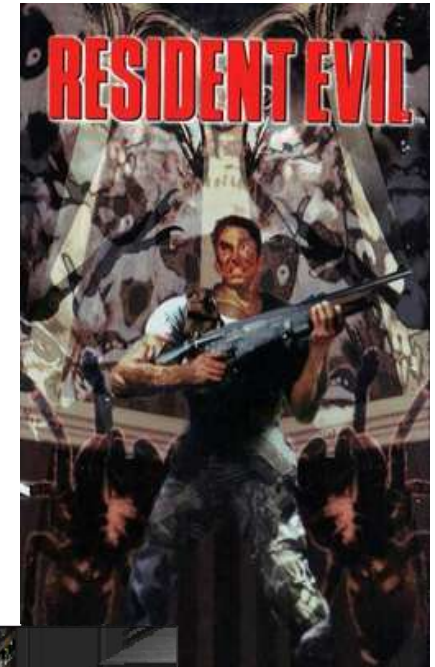
The games of that era were usually of the following genre: Arcade, Horror, RTS, Adventure and Puzzle.



Dune-2

CONT...

The introduction of FPS→



Development in web browser plug-ins→



Entry of Third Person shooter→

FIFTH GENERATION CONSOLE(1993 TO 2006)

Comeback of Atari → Atari Jaguar

Release of three new consoles: Sega Saturn, Sony PlayStation and PC-FX,

The re-release of Resident Evil on the PlayStation By Capcom.

Nintendo's release of Nintendo-64 in 1996 → Super Mario 64



THE LEGEND OF ZELDA: OCARINA OF TIME

Popular music video games--
>PaRappa The Rapper, *Beatmania*
and *Dance Dance revolution*.

Milestone games of the era:
GoldenEye 007, *The Legend of*
Zelda:Ocarina of Time, *Super Mario*
Galaxy



SIXTH GENERATION(1998 TO 2006)

Platforms included were: Sega Dreamcast, Sony PlayStation 2, Nintendo GameCube, and Microsoft Xbox.

Began with the release of Sega Dreamcast→ with built-in modem.

Downfall of Dreamcast due to PlayStation 2.

PlayStation 2, the complete home entertainment console.

Microsoft Corporation entered the console market→Xbox

2000 showed innovation in both consoles and PCs.



The user-created modification for games continued till the 21st century.

The best and the most popular example of a mod game could be that of Counter Strike.



SEVENTH GENERATION(2005 TO 2011)

The generation opened early
for handheld consoles.

Nintendo → Nintendo DS

Sony → PlayStation
Portable(PSP)

Microsoft → Xbox 360

Nintendo released Wii after PS3



EIGHTH GENERATION(2011 TO PRESENT)

Nintendo 3DS officially started this generation of handheld consoles.

The 3DS used Parallax Barrier Technology for 3D graphics.

3DS was further updated by Nintendo 3DS XL.

In 2011, PS Vita was announced

PS4 is set to be released in November 2013 in North America.

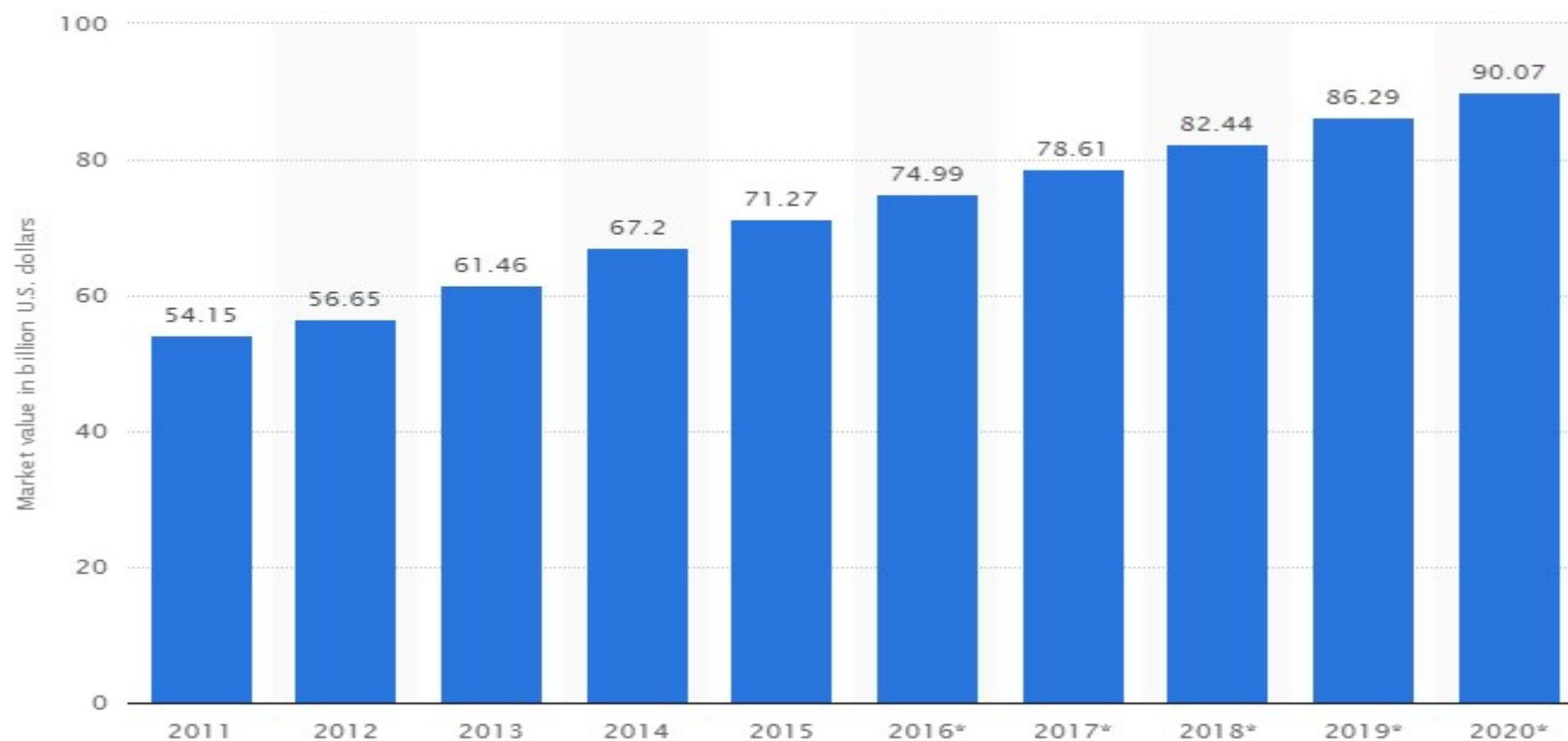


Final Fantasy XI



TITANFALL & CRYISIS 3

Value of the global video games market from 2011 to dollars)



RANDOM STATISTICS

60% of all Americans play video games

- In 2000, 35% of Americans rated playing computer and video games as *the most fun entertainment activity* for the third consecutive year

Computer/video game industry on par with box office sales of the movie industry

- \$6.35B/year for U.S. Sales in 2001
- 78\$ Bil US 2017

Development

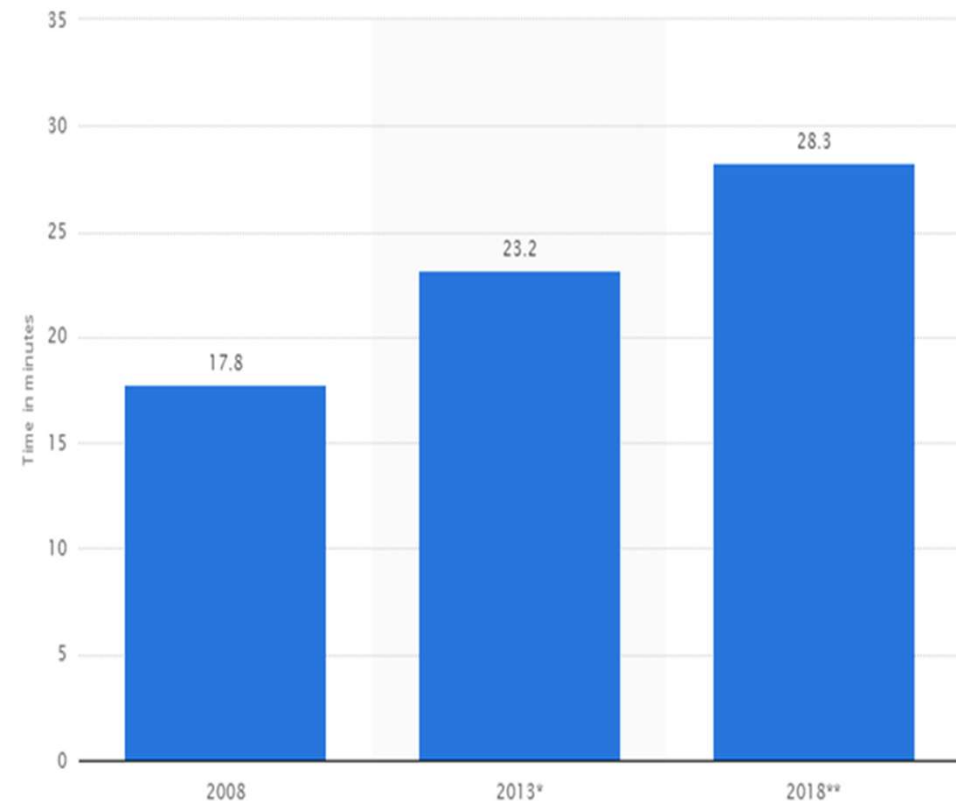
- Costs \$3M to \$10M to develop average game
- Takes 12-24 months

70+ million Playstations worldwide

- 30 million PS2's, 4 million Xbox's, 4 million GameCubes
- Maybe 10 million Xbox 360s by end of 2006

400,000 pay \$12.50/month to play Everquest

Daily time spent playing video games per capita in the
2013 and 2018 (in minutes)





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2015-2019 GLOBAL GAMES MARKET

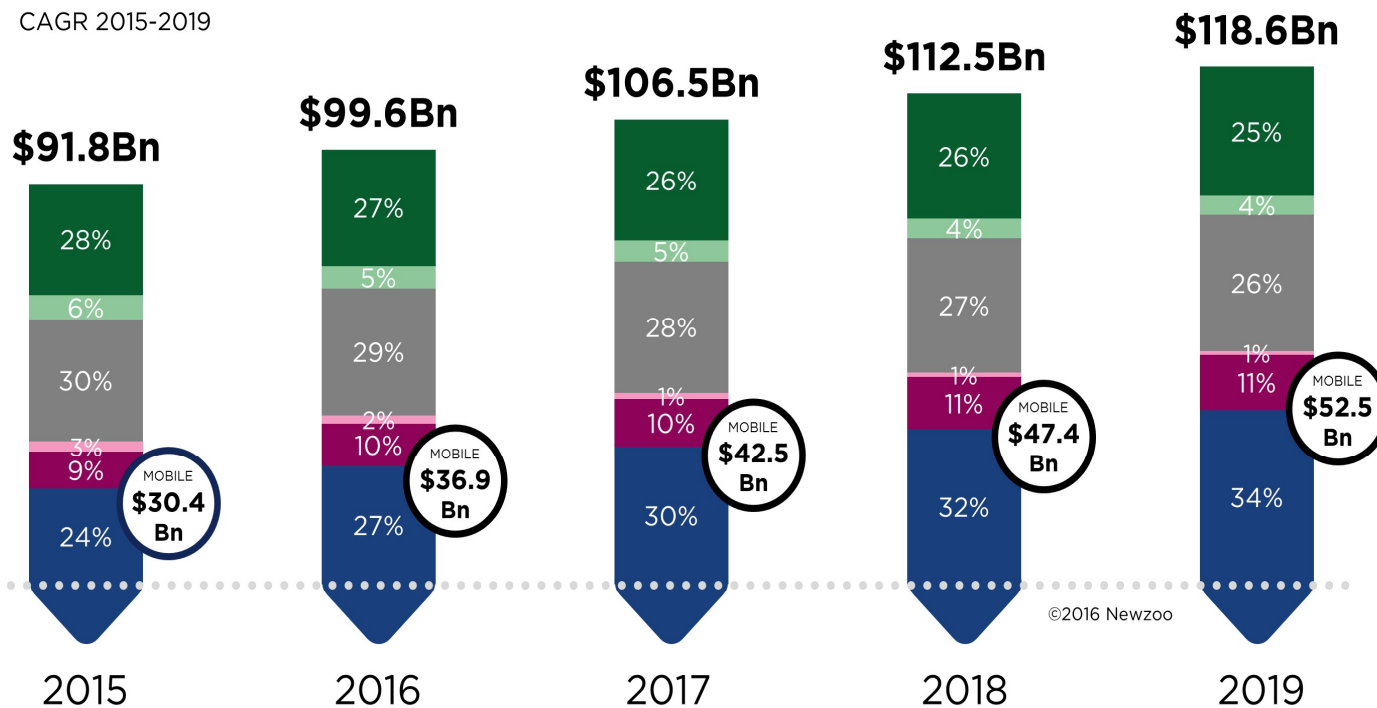
FORECAST PER SEGMENT TOWARD 2019

TOTAL MARKET

+6.6%

CAGR 2015-2019

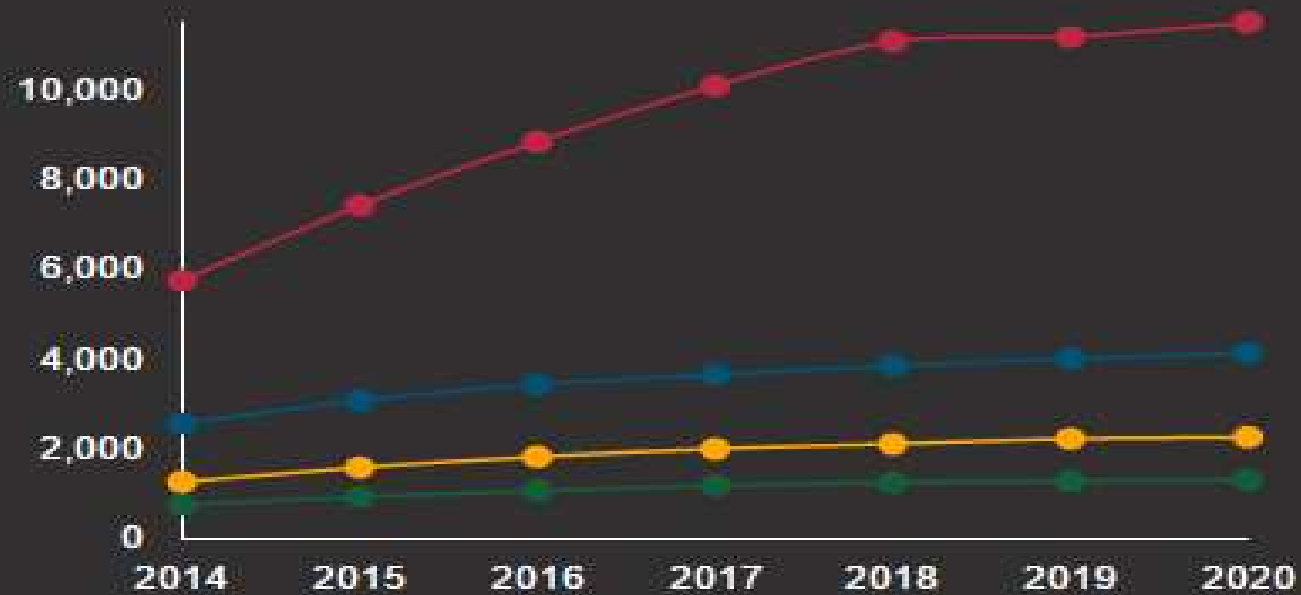
Smartphone Tablet Handheld TV/Console Casual Webgames PC/MMO



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China United States Japan United Kingdom

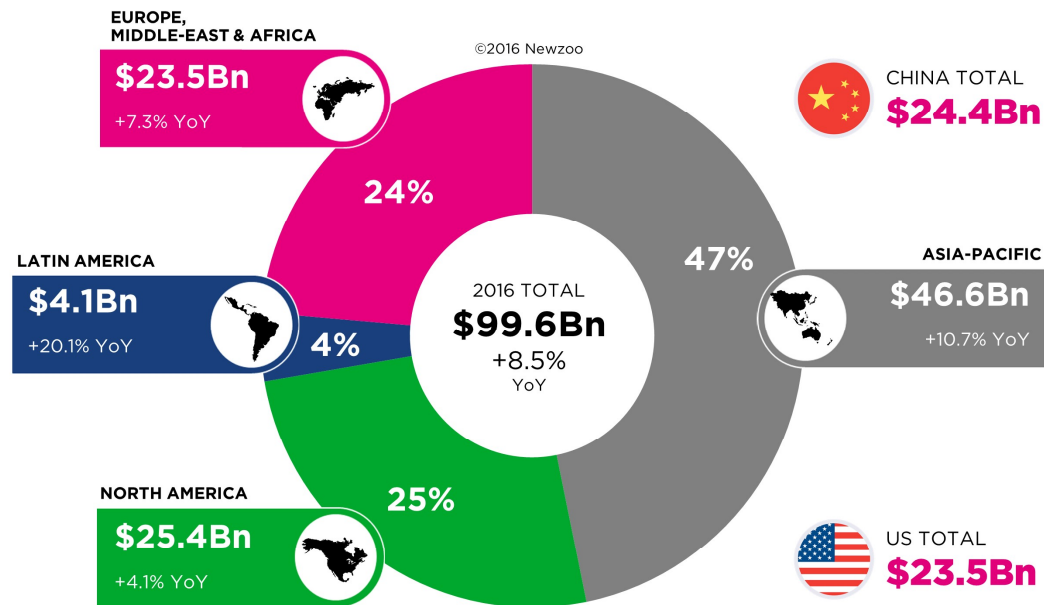
Mobile Gaming Revenue (in Millions of \$USD)





2016 GLOBAL GAMES MARKET

PER REGION WITH YEAR-ON-YEAR GROWTH RATES



Source: ©Newzoo | Q2 2016 Update | Global Games Market Report Premium
newzoo.com/globalreportpremium/

In 2016

58%

of growth of the
global games market
comes from the Asia-
Pacific region

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STATISTICS

Video gamers

- 78% have access to the Internet
- 44% play games online
- Spend 12.8 hours online per week
- Spend 6.5 playing games online

Console game players:

- Action (30%), sports (20%), racing (15%), RPG (10%), fighting (5%), family entertainment (5%), and shooters (5%)

Computer gamer players:

- Strategy (30%), children's entertainment (15%), shooters (15%), family entertainment titles (10%), RPG (10%), sports (5%), racing (5%), adventure (5%), and simulation (5%)

VIETNAM ?

- Số người chơi Game – Vietnam
- Doanh số: 5000 tỷ
 - VNG: 3000 tỷ
- Phát triển
 - 7554: 17 tỷ
 - 1-2 năm
- Thiết bị
 - PC + Mobile
- 2-3\$ / tháng

Game Studio in Vietnam

How many Gamestudios in Vietnam?

Typology ?

Size of studio game ?

Kinds of game ?

Team size ?

Revenue ?



HIT-DRIVEN, ENTERTAINMENT BUSINESS

Entertainment, not packaged goods

- Consumers say, “I have to **have** the next *WarCraft* game from Blizzard!”
- Games generate
 - emotional responses - fulfill fantasies
 - escape from reality - stimulate the senses

Causes of success are *intangible*

“Quality is king”

Consumers are smarter than often thought

Hits are made by:

- those who are: creative, instinctive, and who know what a great gaming experience feels like
- not by marketing executives

BUSINESS MODELS

Software developers and publishers

- Money from game sales
- Internet games
 - Initial game
 - Monthly fee
 - Mua bán Item

Console developers

- Proprietary media delivery
- Lose money on consoles (the faster they sell, the faster they go out of business)
- Charge fee for each game sold

Tool developers

- Create “engines” and “middleware” and sell to game developers

Contract services:

- Motion capture, art, cut-scenes, audio, ...

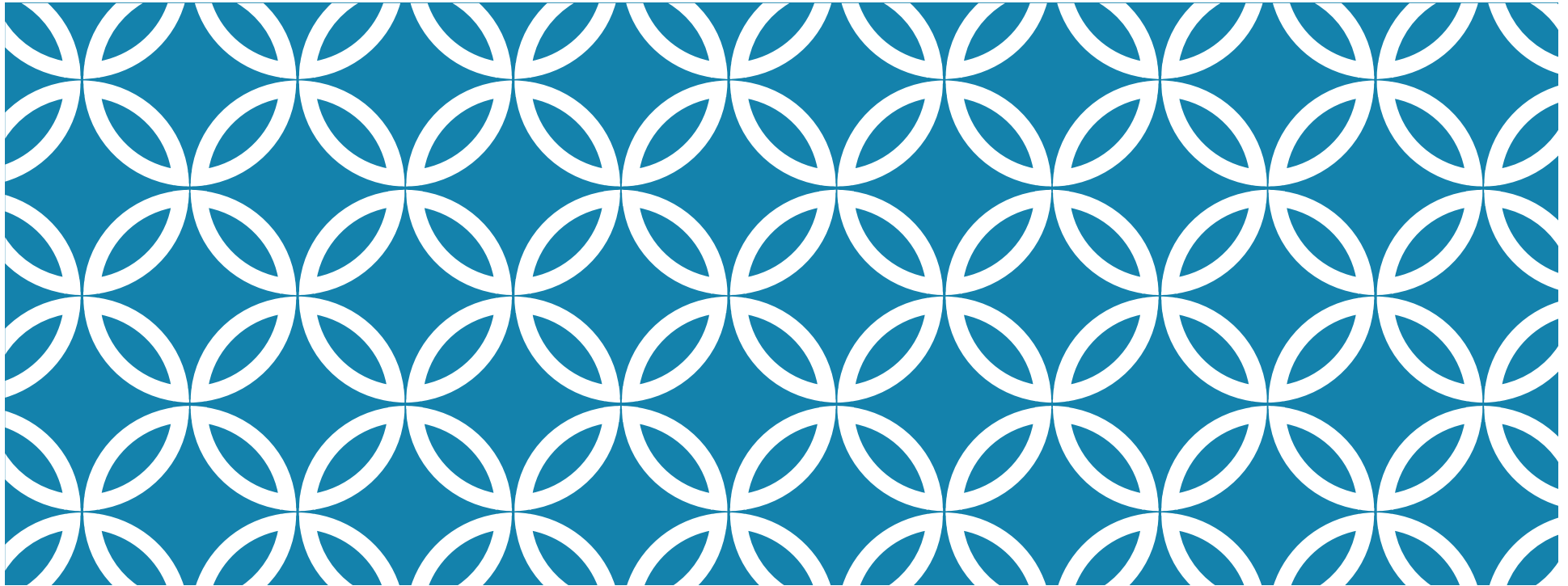
SHAPE OF INDUSTRY

Hardware (ask):

- Sony, Nintendo, Microsoft, Intel

Software (ask):

- Publishers
 - Electronic Arts, Activision, Sony, Microsoft, Infogrames, UbiSoft, Mindscape, Interplay,...
- Developers
 - Electronic Arts, Sony, Microsoft (Bungie), Blizzard, Lucas Arts, id, Namco, Square, Valve, Raven, Relic, Red Storm, High Voltage, Outrage, 3DO, ...



GAME DEVELOPMENT PLAYERS



GAME STUDIOS — VERTICAL STRUCTURE

Developers

Publishers

Distributors

Retailers

Much like a mini-Hollywood

DEVELOPERS

Design and implement games

- Including: programming, art, sound effects, and music
- Historically, small groups
- Analogous to book authors

Structure varies

- May exist as part of a Publisher
- May be “full-service” developers or may outsource some

DEVELOPERS

- Motion Capture (to replicate realistic movement)
- Art and Animation (can be done by art house/studio)

Many started on PC games (console development harder to break into)

Typically work for royalties & funded by advances

- Do not have the capital, distribution channels, or marketing resources to publish their games
- Often seen that developers don't get equitable share of profits
- Can be unstable



PUBLISHERS

Fund development of games

- Including: manufacturing, marketing/PR, distribution, and customer support

If developers are the “geeks”, publishers are the “suits”

Various specialties: PC only, PC + console, mobile, import, web

Publishers assume most of the risk, but they also take most of the profits

Console/PC publishers handle:

- Production process
- Quality assurance
- Licensing
- Manufacturing and shipping to retail
- Sales
- Consumer marketing and PR
- HR, finance, investor relations, legal

PUBLISHERS & DEVELOPERS

Relationship to developers

- Star Developers can often bully Publishers, because publishers are desperate for content
- Most Developers are at the mercy of the almighty Publisher

Originally grew out of developers

Massive consolidation in recent years

Most also develop games in-house

PUBLISHERS - PR

- *PR firms* to communicate with
 - “consumer” media (ie mass-market general media)
 - “specialist” video game publications
- *Ad agency* to prepare creative marketing campaign
 - good communication ensures alignment of vision with publisher
- *Merchandising teams* to ensure all is in order at store level

DISTRIBUTORS

Get software from publisher to retailer

Originally modeled on book distribution

May resell to smaller independent stores and chains

Compete on price, speed and availability

Earn profit margin of around 3%

Becoming less important as the retail market changes

RETAILERS

Sell software

Started with mail-order and computer specialty stores

Shift in 80's to game specialty stores, especially chains (Today 25%)

- *EB Games, GameStop*

Shift in 90's to mass market retailers (Today 70%)
(ask)

- *Target, WalMart, Best Buy*

Retailers generally earn 30% margin on a \$50 game

Electronic download of games via Internet still in infancy

- Big but not huge (Today 5%)

TAKE AWAY

Game history

- 8 generation of game development

Game business

- Market size of Game
- Game players
- Over view Vietnam Market

Game Studio – Mini Hollywood

GAME STUDIES

Game studies is a "huge" field.

- **Psychology, Sociology view**

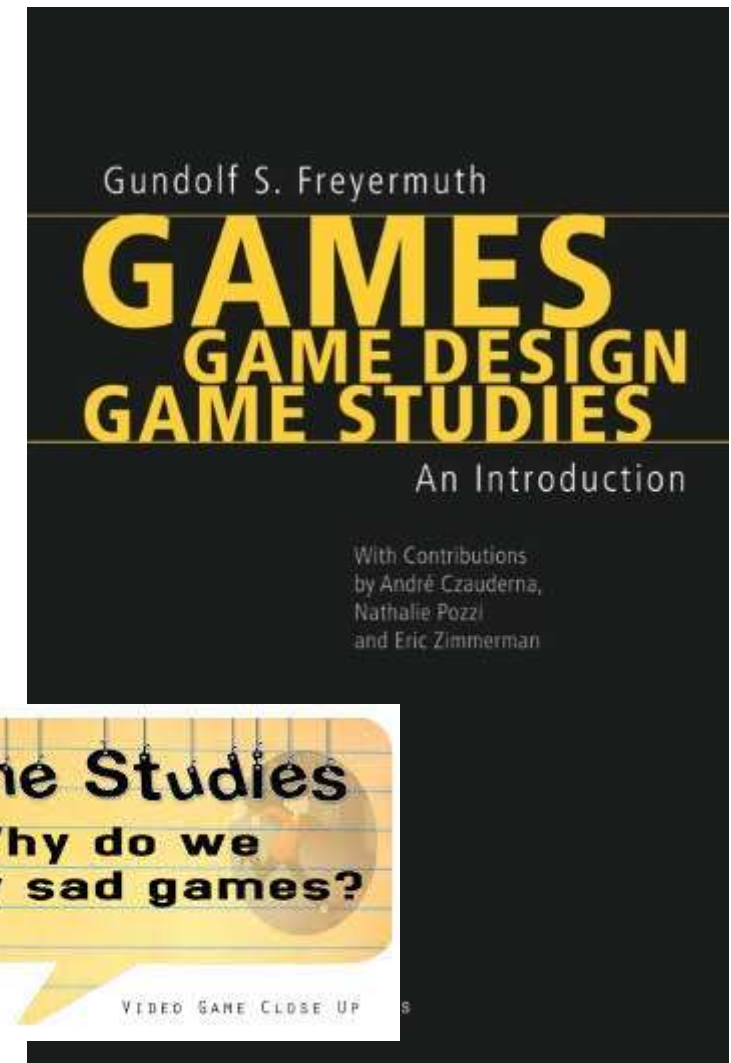
- The effects of games on people (and vice versa)
- "What makes games fun?"

- **Structure, Dynamics view**

- games as artifacts, "affordances", critical analysis
- "How do you define a game and it's rules?"

- **Industry/Engineering view**

- design and development of games, how to make better games, games as drivers of technological innovations
- "Can we come up with a method to make great games?"



GAME STUDIES \neq GAME THEORY

Don't confuse "game studies" with "game theory".

They are not the same thing.

Game studies: The discipline of studying games; in particular their design, their players and the role they play in society.

Game Theory: A mathematical method of decision-making in which a competitive situation (could be a game) is analyzed to determine the optimal course of action for an interested party (agent).

Game theory is often used in politics, economics and military planning.

Note: We also use Game Theory when contemplating "agents" within a game.

