

Casual Games Market Report 2007

Business and art of
games for everyone



CASUAL GAMES
ASSOCIATION

Cover Illustration from Zen of Sudoku © 2006 Unknown Worlds

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Cover	Image from Zen of Sudoku © 2006 Unknown Worlds More information: http://www.unknownworlds.com/

Welcome Letter from the Director

It has been an exciting year for casual games—not only are more and more people playing, but casual games have become the subject of mainstream news articles and large media companies have become interested in the space with more fervor than ever. The buzz is not surprising, of course. Many following the industry have known for some time that more people play casual games than any other type of video game. Now in 2007, this fact has become widespread knowledge. In addition, the industry has started to attract new platforms, studios and publishers. What was once an industry centered around PC and online web games has grown over the past couple of years into emerging casual areas, such as the Xbox LIVE Arcade and the Wii.

Right now, the market signs are good for casual games. Luckily the industry has remained stable due in part to casual games being available on a wide range of platforms with the most successful business models encouraging high quality and innovative game content.

The connected casual games industry is a “multi billion dollar industry,” as you will see in detail later in this report – but what does that really mean? Ultimately, projections on the total industry size are of little use other than pleasant conversations with relatives. No matter the exact sizing or growth rate, the importance of casual games is unchanged—consumers love casual games and will continue to play casual games.

Which brings us to the true measure of the industry: the millions of people casual games reach with high quality entertaining products that enrich their lives.

This report is focused on presenting the inner workings of the casual games industry as a central place for key information with existing CGA educational materials cross referenced throughout the report. For the purpose of this report, primary emphasis is placed on the online and connected markets of PC, with secondary focus on Xbox LIVE and Mobile. Detailed workings of emerging Wii and PS3 casual console markets and handhelds will be addressed in later reports. Research data from the online casual games market has been collected directly from a variety of large casual game portals, publishers and developers by the Casual Games Association through Pearl Research and Screen Digest.

Enjoy!



Jessica Tams, Managing Director, Casual Games Association
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Credits



Consulate General of **Canada** / Seattle
Consulat Général du **Canada** / Seattle



All About Casual

What Are Casual Games?

Casual games are video games developed for the mass consumer, even those who would not normally regard themselves as a “gamer.”

Casual games are fun, quick to access, easy to learn and require no previous special video game skills, expertise or regular time commitment to play. Many of these games are based around familiar game concepts that consumers played

games becoming one of the most common past times—so it is not surprising that for many consumers casual games are replacing television for relaxing after work.

Recently, electronic games have developed a stigma as being for young teenagers, but this year’s research shows that an ever increasing percentage of those with online connections young and old, male and female are playing casual games.

Casual gaming is about more than a consumer demographic or a genre of games, casual games are defined by gameplay behavior

in arcades or the family Atari from childhood. In addition, casual games are usually easy to pause, stop and restart with little consequence to the player’s enjoyment. The most common introduction to casual games for most consumers is via Microsoft Solitaire for Windows, which is the most commonly opened application on Windows XP.¹

Casual games may not have the sexy marketing and production budgets of the hard-core enthusiast market, but casual games reach an ever widening consumer base. This reach to a broad demographic has made casual games a highly desirable advertising mechanism.

The Casual Games Association expects 2008 to bring casual games into the everyday lives of consumers with stand alone massively multiplayer casual games and the integration of gaming into existing social networking websites.

200 million people play casual games online each month over the internet and the wide reach of pre-installed casual games bundled with personal computers are contributing to casual

Most Popular Online & Mobile Casual Games²



1. Microsoft Solitaire on Windows XP
Solitaire is the #1 opened application on Windows XP with an install base of over 400 million.



2. Tetris, Alexy Pajitnov, USSR, 1985
Best selling casual game across all platforms with over 60 million copies sold.



3. Bejeweled, PopCap Games, 2001
Original online casual franchise, 300 million downloads, 50 million mobile deployments and \$100 million of consumer spending.



4. QQ Games³, Tencent, Inc.
China’s largest casual game portal with 273 million active users of the IM tool QQ, with 3.17 million peak users for its games service.



5. Diner Dash, Gamelab / Playfirst, 2003
Franchise with over \$35 million of consumer spending and 200 million downloads is one of the most successful casual properties.



6. Mystery Case Files, Big Fish Games, 2005
Hidden Object became the most popular gameplay mechanic of 2007. The franchise boasts over 1.2 million copies sold.

All About Casual

What Are Casual Games?

Casual games are replacing television as an important stress reliever after work and during lunch hours

2008 will bring casual games into the everyday lives of consumers

Nearly everyone plays casual games at work and at home—even if they do not admit it to their boss and friends

Popular Online Casual Game Genres

Genre	Examples	Defining Year ⁴
Action & Arcade	Asteroids, Pac-Man, Feeding Frenzy	1979
Card & Board	Klondike Solitaire, Mahjong, Hearts	1984
Match & Remove	Tetris, Bejeweled, Zuma, Luxor	1985
Trivia	You Don’t Know Jack, Family Feud	1995
Puzzle	Collapse, Puzzle Inlay	1999
Breakout	Ricochet Xtreme, Peggle	2001
Simulation & Strategy	Insaniquarium, Virtual Villagers, Tradewinds	2002
Word	Scrabble, WordJong, Bookworm	2003
Click Management	Diner Dash, Cake Mania	2004
Hidden Object	Mystery Case Files, Dream Day Series	2006
Adventure	Azada, Dream Chronicles, BeTrapped!	2007

Gameplay Characteristics of Casual & Hard-Core Enthusiasts

Characteristic	Casual	Hard-Core Enthusiast
Demographic	All ages, male and female, 100% of population	18 - 35 year old males, < 15% of population
Where Play	Home, work, airplane, transit stop	Home
Why Play	Fun, relaxation, escape	Exploration, stimulation, adrenaline rush
Themes	Family friendly scenarios	Sci-fi, edgy violence, horror, suspense, war
Play time intervals	5 - 15 minutes to complete a level	20 minutes - 2 hours to complete a level
Time to completion	Single player story 15 hours to complete	Single player story 15 - 40 hours to complete Multiplayer typically played 5 - 40 hours/week
Primary Platform	PC, Mac, inexpensive console	Game consoles, hi-end PC
Game Price	Free - \$19.99	\$29.99 - \$59.99
Game Selection	Free trials, up-sells	Marketing campaigns, reviews and previews
Hollywood Equivalent	Sex and the City, Friends, ER, Superman	Silence of Lambs, Reservoir Dogs, Aliens

1. For more information on Games for Windows, visit: <http://www.microsoftcasualgames.com/>.

2. Solitaire, Diner Dash, Mystery Case Files and Bejeweled sales numbers reported directly from IP holder to the CGA. Tetris sales number from <http://www.tetris.com/>. The most downloaded casual PC game of 2006 was Cake Mania with 55 million downloads.

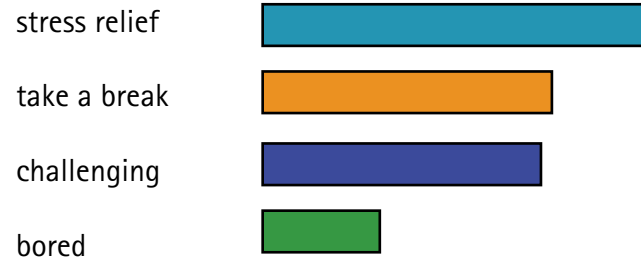
3. For more information on Asian markets, to ask permission to use the data or to purchase a full report, please contact Pearl Research at research@pearlresearch.com or call +1 415-738-7660.

4. Defining year is signified by when electronic genre originally became popular, including arcade and home consoles—which pre-date online gaming.

All About Casual Online Consumer Profile

All About Casual Online Consumer Profile

Top Reasons To Play Casual Games



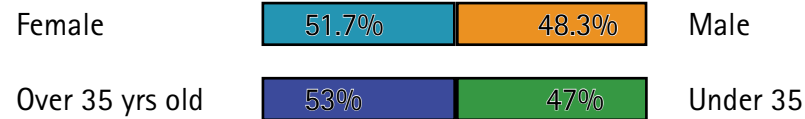
Heaviest play times are right after dinner from 7pm – 9pm and during lunch from 11am – 2pm

Casual games appeal to people of all ages, gender and nationalities

Casual games are usually played in a series of short time increments, from five minutes to 20 minutes—it's common for people to play one level after another for many hours

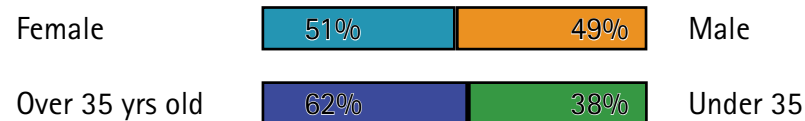
Gender & Age

Internet Usage (USA)¹



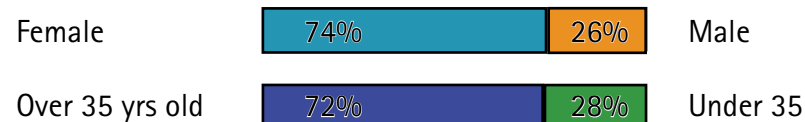
Subscription and community users average 7 – 15 hours of online play a week³

All Casual Games Consumers³



Most casual gamers do not identify themselves as gamers. "I'm so ashamed, I just played for four hours, but I can't stop!"²

Paying Casual Games Customers³



The enthusiast gaming market, comprised mostly of young males, almost universally play casual games—but casual gamers rarely play the violent games favored by the enthusiasts

Under 21 : Tweens & Teens¹

Raised surrounded by technology and computers, today's youth have no concept of life without the internet, video game consoles, DVD's, Wi-Fi or Facebook. This generation was raised with electronic toys that linked with games, such as V Tech and Leapfrog, and toys that link to online virtual worlds. Their parents were teenagers in the 1970s when the first video game consoles hit the market, so the entire family is technology literate.

Websites: Neopets, Club Penguin, Nick.com, MiniClip, Kongregate, AddictingGames, Cartoon Network, The N.

Monetization: With less access to online payment mechanisms and watchful parents, advertising, subscriptions and micropayments have become the dominant business model with this demographic.

21 - 35 : Young Adults

These are the kids of the 1980s who grew up in malls and arcades. They have less free time than young adults in the past and are often separated from family and friends due to job relocation after school. They are comfortable augmenting their social interactions with online electronic personas and networks. They are drawn to high quality game experiences, but do not always have the cash to spend.

Websites: Shockwave, Cartoon Network, NHN Portals, Yahoo! Games, MySpace, Xbox LIVE Arcade.

Monetization: While young adults are not quite the free-loaders their younger counterparts are, young adults do like to play for free. Many males in this demographic are game enthusiasts and spend most of their gaming dollar on more intense games.

"The enthusiast console business has all the money, the casual business has all the players. The core console market only has 15 million members but they happen to have a \$1,000 a year habit."
Nolan Bushnell²

35 - 50 : Middle Aged

Middle aged consumers spend more time online than any other demographic—and they spend more time playing online casual games. These consumers were teenagers and young adults during the 1970s and were the original consumers of the Atari. Thus they are most comfortable and open to the similar casual game play from the Arcades and Atari. These consumers have been raised and conditioned to spend money on games.

Websites: RealArcade, Shockwave, Big Fish Games, King.com, Pogo.com.

Monetization: Big Money. Middle aged consumers are the cash cow of the casual games industry—not only do they play online, they are more likely to purchase high value items.

50 - 103 : Golden

In the 1970s, these consumers were parents of young children and teenagers. They grew up with pinball machines and may have been one of the 30 million parents who purchased an Atari for their children (at a price of \$500 in 2007 dollars) or might have taken their kids to some of the first Chuck E. Cheese entertainment centers.

Websites: ClubPogo, PopCap.com, RealArcade.

Monetization: Consumers in their Golden years are drawn to strong community and packaged deals due to having time on their hands and being used to paying for entertainment.

1. Internet usage straight average of public research from: Atbirton & Edison, Nielsen, Mediamark, emarketer, Harris Interactive, comScore Media Metrix.
2. Quote from Peggle player Heidi Jensen, this is indicative of many casual gamers.
3. From major online portals. Subscription play time varies significantly based on method of distribution and community features.

1. For more on Teens & Tweens: Kate Connally, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, "Teens & Tweens", *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
2. From Nolan Bushnell's Keynote at Casual Connect Seattle 2007. Listen online: <http://podcasts.casualconnect.org/>.
3. For more on the demographics of online websites, see company profiles on pages 39-54.

The Art of Casual

History of Casual Games

The casual games market and video game industry began with the launch of a simple “bat and ball” video game, Pong which launched in coin-op arcades in 1972, as a home console in 1974 and then on the Atari 2600 in 1977. Both Pong and the Atari became a staple in homes across Europe and North America. Arcade games were institutionalized in 1978 with the advent of Asteroids, the first of a series of space shooter arcades. At the same time, the Apple II, the first computer with color graphics is launched, Nintendo opens up shop and the release of Pac-Man solidifies the casual games market. As the 1980s ensue, large scale shopping malls spread across America, each with an arcade filled with teenagers. Those arcade teenagers of the 1980s are today’s 30-40 year olds, developing the next casual market wave.



"1981 was a huge year for the game business—100 million people self identified themselves as a game player—either playing at home or in coin-op arcades. There were 600,000 coin-op arcade games in the US. In a three year period, the market shrunk. Games got violent and we lost women gamers, games got too complex and we lost the casual player. Unfortunately, we have a lot of amnesia when it comes to our history."

Nolan Bushnell, founder of Atari¹

Following the great North American video game crash of 1983 and eventually the decline of the arcade by the early 1990s, casual games found success in the PC market with Solitaire and Freecell packaged with Microsoft Windows, the adventure game, Myst, and later The Sims. During that time, Tetris brought casual gaming from Russia to the handheld market on the Game Boy, and later a wave of virtual pets expanded the view and potential of casual electronic games.

However, one of the biggest impacts on the casual games market came not from within but from another genre. ID Software's Wolfenstein 3D changed the face of video gaming for a generation. With the inception of the first person shooter, a new generation of gamers were born and violent games began the rise to take over the console and PC world.

Casual games found successes on PC and handhelds, but were relegated to obscurity. That all changed with the advent of the internet. Casual gaming had a new platform and a new opportunity to reach fans that had been dormant for over a decade. The internet, online payment transactions, and the mobile phone brought life back to the industry and in 2001, the first modern casual gaming classic was born in Bejeweled. Since then, the casual games market has had wave after wave of successes. In 1999, online casual game portals were taking hold, and consumers could access a suite of games at home or at their desks at work. With the recent launch of Xbox LIVE Arcade and the Wii, and the future release of PS3 Home, casual games look like they have settled in for the long haul.

"Whilst we are not strictly a casual developer, we're noting a lot of convergence opportunities, and Xbox 360 LIVE Arcade/PS3 digital platforms are the start of that".

Martyn Brown, Studio Director, Team 17, Creators of Worms

1. From Nolan Bushnell's Keynote at Casual Connect Seattle 2007. Listen online: <http://podcasts.casualconnect.org/>.

1972 - Present

- 1972 Atari launches the coin operated arcade craze with **Pong**
- 1977 Apple II is launched, first computer with **color graphics**
- 1979 Atari launches Asteroids and starts the **Golden Age of the Arcade**
- 1980 **Pac-Man** is released on the arcade
- 1981 Nintendo launches **Donkey Kong** for the arcade
- 1983 **Great North American Video Game Crash** makes way for games from Japan
- 1983 Nintendo launches the NES with **Super Mario Brothers**
- 1985 Microsoft packages **Solitaire and Freecell** with its MS Windows software
- 1986 The success of the arcade begins to wane
- 1989 Nintendo launches the Game Boy with casual hit **Tetris**
- 1990 Microsoft packages an updated **Solitaire** with Windows 3.0
- 1992 ID Software launches **Wolfenstein 3D** and creates the reign of the first person shooter
- 1993 **Myst** launches and becomes a phenomenon on PC
- 1994 Sony launches the **PlayStation**
- 1996 The virtual pet phenomenon begins with the launch of **Tamagotchi**
- 1996 The **Internet** booms and becomes a household success
- 1996 **Total Entertainment Network** gaming portal launched
- 1998 Paypal is launched
- 1999 **Mobile** gaming launches with the i-mode service by NTT DoCoMo
- 2000 **The Sims** become a PC best seller
- 2001 PopCap Games launches the first modern casual game, **Bejeweled**
- 2002 Microsoft launches Xbox LIVE and the online console multiplayer world is born
- 2002 ScreenLife introduces the first DVD board game with Scene It
- 2003 MySpace is launched and online social networking blossoms
- 2004 Microsoft launches **Xbox LIVE Arcade**
- 2004 Nintendo launches the **DS**
- 2005 Sony launches PSP with casual hit **Lumines**
- 2005 Microsoft launches **Xbox 360 LIVE Arcade**
- 2006 Nintendo launches the Wii with **Wii Sports**
- 2006 Casual hit **Brain Age** soars
- 2006 Microsoft expands operating system games on Vista to include **Chess Titans** and **Mahjong**

The Art of Casual

Online Content Trends

Over the past couple of years, several sociological and recreational trends have occurred that have affected both the size of the casual games market and its consumer demographics. Many of these trends are North America specific, but their effects can be felt throughout the world.

Over the past few years, gaming has become a part of everyday vocabulary and has made its way back into mainstream culture. With the advent of WiFi and the upgrades in mobile and PDA technology, people are spending more of their time online and connected by technology.



"The basic underlying goal of our industry's recent innovative offerings is to move casual games from being a secret industry to becoming a true mass market phenomenon."

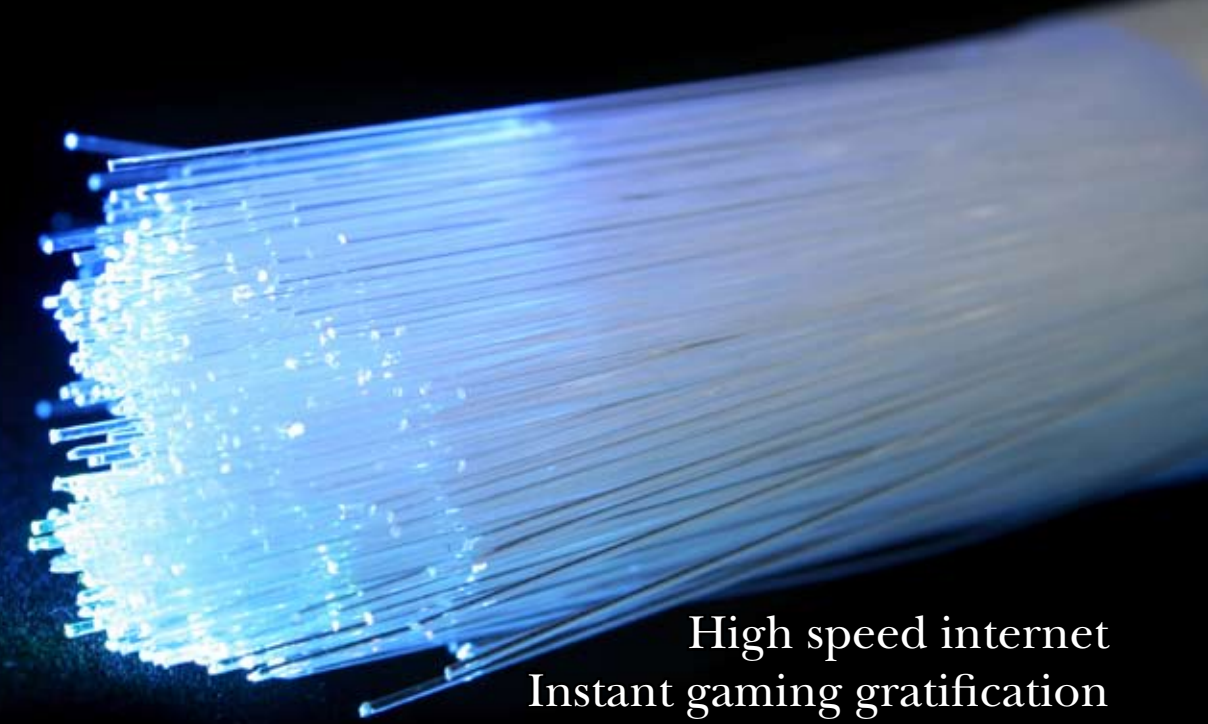
Paul Thelen, Founder of Big Fish Games

Since the inception of MySpace, social networking sites have boomed and online identities and rankings have been a test of "cool." The growth of the recreational seniors market has created a new media consumer, whose grandchildren introduced them to email, the internet, digital photography, and now gaming.

The content case studies listed below began in detail on page 11 and show how trends have affected game popularity over the past few years. Each case study focuses on a different game and its rise to success.

Content Trends

- 2001 The Online Craze: Bejeweled
- 2002 Legitimacy: Scrabble
- 2003 Microtransactions: MapleStory
- 2004 Story Mode: Jewel Quest
- 2005 Character Development: Diner Dash
- 2006 Hidden Object: Mystery Case Files



**High speed internet
Instant gaming gratification**

Online Content Distribution Trends

- 2001 Digital Distribution!**
Casual gamers were everywhere at the turn of the century - they were just in hiding. Many who had been exposed to video games in the 70's & 80's had fond memories, but video games were something from their childhood since after the North American video game industry crash there was little game content which appealed to young and old alike. Widespread internet access and e-commerce technology of the new millennium created a fertile ground for the wild growth of the casual genre—bringing new high quality and innovative content such as Bejeweled directly to consumers' PCs which they could not find anywhere else via a consumer friendly trial-to-purchase or free-to-play advertising supported delivery mechanism.
- 2003 Community: Club Pogo**
Club Pogo, a premium subscription-based service, launched in July 2003 to augment the existing Pogo.com was an important step in integrating community interaction with the online gaming world—proving a strong and loyal customer base is possible for online portals. While many have tried to create online communities to pursue lucrative subscriptions, Club Pogo remains one of the strongest subscription based communities on the internet. They achieve this by offering strong social rewards and community features for players returning to the service and allowing members to play exclusive content without advertising or intermissions.
- 2004 Microtransactions: Nexon's Kartrider & Maplestory, IT Territory**
Microtransactions is listed twice in our trends section—as it penetrates gameplay, distribution & monetization. Microtransactions cemented itself as a viable and very lucrative business model in 2004 initially designed to avoid rampant piracy—where the game is free and users are encouraged to purchase virtual items for small increments of money. Microtransactions have proven very successful in Asia and Russia, but have yet to take a strong hold in Western Europe and North America. 2007 saw significant investment into virtual currency gaming, so look for maturation in Western markets in 2008 & 2009.
- 2006 Monetizing the Male Casual Gamer**
Before 2006, if you had asked any casual games professional—they would have told you that casual games were for grandmas or bored housewives.¹ Few realized at the time, that men and teenagers were also **playing**—they were just not **paying** directly. While those new to the casual games industry may not be shocked, we assure you this was big news: boys defiantly play casual games, even if they don't admit it. The turning point was Xbox LIVE Arcade where online casual games were being swooped up by male teenagers and young adults.
- 2007 User Generated Games: Indie & FunWare**
Virtual Worlds, Electronic Networks, Community Games, no matter what you call it—casual games are taking the lead in monetizing the non-paying online userbase who create their own fun. User generated games range from online games people create themselves: "Indie Games" (AddictingGames, New Grounds)—to the game of life as shown in your online credibility board: "FunWare" (FaceBook, MySpace).

1. While bored housewives are mentioned frequently with relation to casual games—we assure you that from the women we know raising children—they are anything but bored. Recent research leads to stress reduction and needing a break is the primary motivational factor for playing casual games.

The Art of Casual

2001: Bejeweled

PopCap Games launched Diamond Mine in 2001 which has proven to be the most successful online download-driven casual games franchise to date. Diamond Mine was re-named to Bejeweled for distribution on the Microsoft Zone where it out performed all other titles at a rate of five to one.

At the time of Bejeweled's launch, most online websites did not realize the primary customer was not teenage boys and even though Bejeweled was flying off the virtual shelves many didn't understand or want to admit this was the future of online games.

Bejeweled paved the way for thousands of games, with the revolutionary mantra of fun mass market friendly games for everyone. As said by Jason Kapalka: "Successful casual games avoid titles with any combination of the words: blood, war, or assault, and themes featuring robots, bugs, skulls, or robot bug skulls."¹

Bejeweled paved the way for the online casual game craze



The original Bejeweled above and Bejeweled 2 below are distributed on PC, Mac, iPod, PDA, Handheld, Mobile, XBox LIVE Arcade and scratch tickets.

The Art of Casual

2001: History of Bejeweled

By Justin McElroy

The guys from PopCap really weren't worried when they originally named their company *Sexy Action Cool*. It was an inside joke, lifted from a poster for the Antonio Banderas flick *Desperado*. But the way they saw it, their company name wouldn't be heard much, anyway. They would just be a small developer in the shadows of the major portals who would host their games.

All of that, of course, was before the world spent an estimated six billion hours playing their little game of matching up jewels.

Although that first game would become Bejeweled, exactly how the game's basic concept was created has been lost to the annals of time. As Jason Kapalka remembers it, John Vehey

When PopCap started, we used the "Mom Test." If our own moms could figure out a game without our help, that was a good sign. If they kept playing it after we left the room, that was even better.

had seen a basic Java game with the same basic premise as Bejeweled, only "extremely bad." It was so crude, in fact, that the page had to be manually refreshed every time a move was made. Unfortunately, casual games historians who might like to go take a look at this cave drawing version of the game are completely out of luck.

"We've since tried to go back and find that page, for historical purposes, but no one's been able to find it," PopCap Chief Creative Officer Kapalka said. "This legendary proto-Bejeweled thing has never actually been proven to exist. I believe it was there, but no one's been able to identify it."

No matter what its origins, the game was badly in need of an overhaul if it was to be a viable product. Fiete began updating the game-play to something more fluid, and Kapalka thought about what could replace the colored blocks that the game had been using as pieces. "The idea was to find something

that you could have seven of that clearly all belong together, and yet are sort of different in terms of color and shape," Kapalka said. "Jewels came to me right off of the bat."

Numerous other enhancements had to also be put in place, like the inclusion of a meter that lets players progress between levels, and a timer that ticked down and added more pressure to the game. Of course the un-timed version was included in the final product—something that Kapalka suggests might have been integral to its success. He said that many of the

companies they showed the game to were alarmed by the un-timed mode, which they believed didn't require any skill.

For this particular quandary though, Kapalka decided that mother knew best. "We were having fun playing it and my mom was having fun playing it," he said. "Our theory was, if my mom likes it, who doesn't normally like games, there must be something there. She may not know good game design, but she knows what she likes."

Although the Web-based application was popular, PopCap still had one major problem: It had no way to make money from it. This was at a time when the dot-com boom was ending and advertising revenues were swiftly tanking. PopCap's plan had been to license the game to high-traffic sites and then make some revenue from the advertising visitors would see as they played. As of 2001, that plan was no longer viable.

PopCap then decided to take a risk—and the repercussions are still being felt to this day. They created a deluxe version of their already popular Web game with better graphics, better sound and more modes that they would sell. But in 2001, there was no set path or pricing structure for this sort of venture.

E-commerce was in its infancy, and it was unclear whether people would be willing to whip out their credit cards to buy an intangible product online.

How much they would charge for their product was crucial. A friend in the industry had suggested that they price the game at \$20, but that seemed high even to the guys who created it. "He said that the cheaper a game is, the less people think its worth," Kapalka said. Trusting his advice, they settled on the two-sawbuck price tag, put Bejeweled Deluxe online and held their breath.

To help track their progress, Fiete created a small desktop application that made a "ka-ching" sound every time someone purchased Bejeweled Deluxe. At first, the ka-chings were dishearteningly slow. But slowly, they began to mount, one every couple of hours, one every minute. Before long, the halls of the PopCap offices were rarely without the public's ringing endorsement of their game.

"Eventually, it got so annoying that we had to turn it off," Kapalka said.

Editor's Note: A version of this interview originally appeared on www.gamezebo.com.

1. Jason Kapalka's "10 Ways to Make a BAD Casual Game", *Casual Connect Magazine*, Summer 2006, <http://mag.casualconnect.org/>.



The Art of Casual

2002: Scrabble

Dave Walls did something amazing in 2002—he created a Scrabble game to be distributed online via the trial-to-purchase distribution method. Scrabble was licensed from Hasbro by Atari and developed by Funkitron. In retrospect, with what we know now about the ability for online casual games to reach consumers this may seem like an obvious development, but back then, creating a downloadable game based on a big brand, where up until then no big branded games existed was a huge step in legitimizing this new emerging market.

Scrabble's success showed that in addition to consoles and CD-ROMs, a game property could be developed for online consumption.

Scrabble not only sold well, but it brought in new consumers to the marketplace who would have otherwise not ventured to online casual portal websites. After a good consumer experience of an easy download and

“Scrabble legitimized the online casual games industry, pushing the industry from shareware into something big brands could get behind.”

Garrett Link, General Manager, RealNetworks' GameHouse Studios

the ability to try a product fully before purchasing, consumers returned to purchase more products online.

The success of the Scrabble brand game is still a lesson for the casual games industry in the appeal of a known brand coupled with high production values.

For more information and some fun stories, listen to Garret Link's Casual Connect Seattle 2007 session: “Where Did We Come From”, <http://podcasts.casualconnect.org/>.



Scrabble customers returned to purchase other casual games



The Art of Casual

2003: MapleStory

Published in 2003 by Nexon in Korea, Maple Story quickly emerged as one of the top casual games in Korea with over 14 million users. The game was then launched in most Asian countries in the following years and expanded globally to US and Europe. As of October 2007, the game has over 67 million registered players worldwide.

Microtransactions represent an important development as a way to monetize consumers who would otherwise not pay for content via trial-to-purchase or subscription offerings

The appeal of Maple Story is in its graphics, item variety and that it is free-to-play. The cute anime-styled graphics attracts a diverse gamer base including many female and younger gamers. As a microtransaction based game, there is a wide selection of items, accessories, and

clothing, among other items that are updated regularly. There are almost limitless combinations possible to create new 'looks' for player avatars, contributing to the game's appeal. The game also has an easy learning curve, and new players can master it in a couple of hours.

Microtransactions are an important development inside the casual games space to monetize consumers who would otherwise not pay for content.

For a more detailed report on the Asian games market, visit Pearl Research: <http://www.pearlresearch.com/>.



Since 2004, IT Territory has offered games incorporating microtransactions to the Russian market—representing over \$24 million in yearly revenues



The Art of Casual

2004: Jewel Quest

In 2004 Jewel Quest, developed by iWin.com, revolutionized online casual games by successfully integrating story-telling and a greater purpose into a casual game. Using a proven gameplay mechanic, designer Warren Schwader used this greater purpose to keep people playing and playing and playing.



2004 & 2005 saw a flurry of developers integrating quests into their gameplay mechanic in an attempt to capitalize the rapidly emerging market in much the same way Jewel Quest and Mahjong Quest did. After four years, the quest mechanic has become such an integral part of the casual games industry, many forget that at one time quest mechanics were not common.

most games now integrate quests

Jewel Quest brought a greater purpose to the gameplay— which kept people playing and playing

Over the life of the franchise, Jewel Quest has generated more than \$27 million in consumer spending, spawning sequels, launching on multiple platforms, and continually attracting new customers from around the world to the addictive gameplay. Jewel Quest has shipped more than four million units across platforms, including about two million on PC, to two million mobile units, and more than 100,000 via Xbox LIVE Arcade.

Jewel Quest shipped over 4 million units



The Art of Casual

2005: Diner Dash

Diner Dash was an unexpected hit of 2005 and the first casual game title to introduce a character-driven story which strongly appealed to the female demographic purchasing casual games. Over the period of 2005 - 2007, the Diner Dash games have been one of the most downloaded series on personal computers with over 200 million downloads worldwide and \$35 million in consumer spending. 2006 saw the genre mature with strong sequels and spin-offs from PlayFirst as well as a flurry of games from the industry attempting to replicate the click management mechanic and the strong female character.

If imitation is the sincerest form of flattery, Diner Dash should be considered itself overly flattered

In addition to the character driven story and click management gameplay mechanic, Diner Dash also pioneered the role of the dedicated publisher in casual games with Gamelab filling the role of the developer and PlayFirst acting as the publisher.

Traditional publishing models were a revolutionary concept at a time when most developers were self-funded and distributed their wares directly to online portals. In the four years which have passed since the founding of PlayFirst, the

publishing model has proven successful—with many new publishers entering the market.

In September 2007, PlayFirst launched the fourth episode in the Diner Dash series, Diner Dash: Hometown Hero, which added avatars, multiplayer, microtransactions, level packs and user-generated content. It was a bold move to bring community features which have been proven successful in the Asian and Russian markets to the Western markets.

PlayFirst's creative director Kenny Shea Dinkin strongly believes that we are just at the beginning of appealing to the

mass market consumer—and it is our responsibility to create content that rips through the notion that video games are just for teenage enthusiasts. He compares video games today with Vaudeville entertainment of last century:

“Vaudeville—with its cheap budgets and fast, zippy creative cycles (sound familiar anyone?)—managed to be a rich ground for experimentation, and it ultimately influenced the songwriters who broke through the barriers and gave us the first mainstream, mass-market, popular musicals.”



The original Diner Dash opening screen introduced the powerful female character.



Diner Dash introduced strategy through chaining of actions and prioritizing customer types based on their personality.



Diner Dash 2 introduced more complex strategy including new tasks such as the mop and bucket and twists on gameplay.



Diner Dash Hometown Hero expanded gameplay to include avatars. With My Waiter, players can dress up their in-game server.



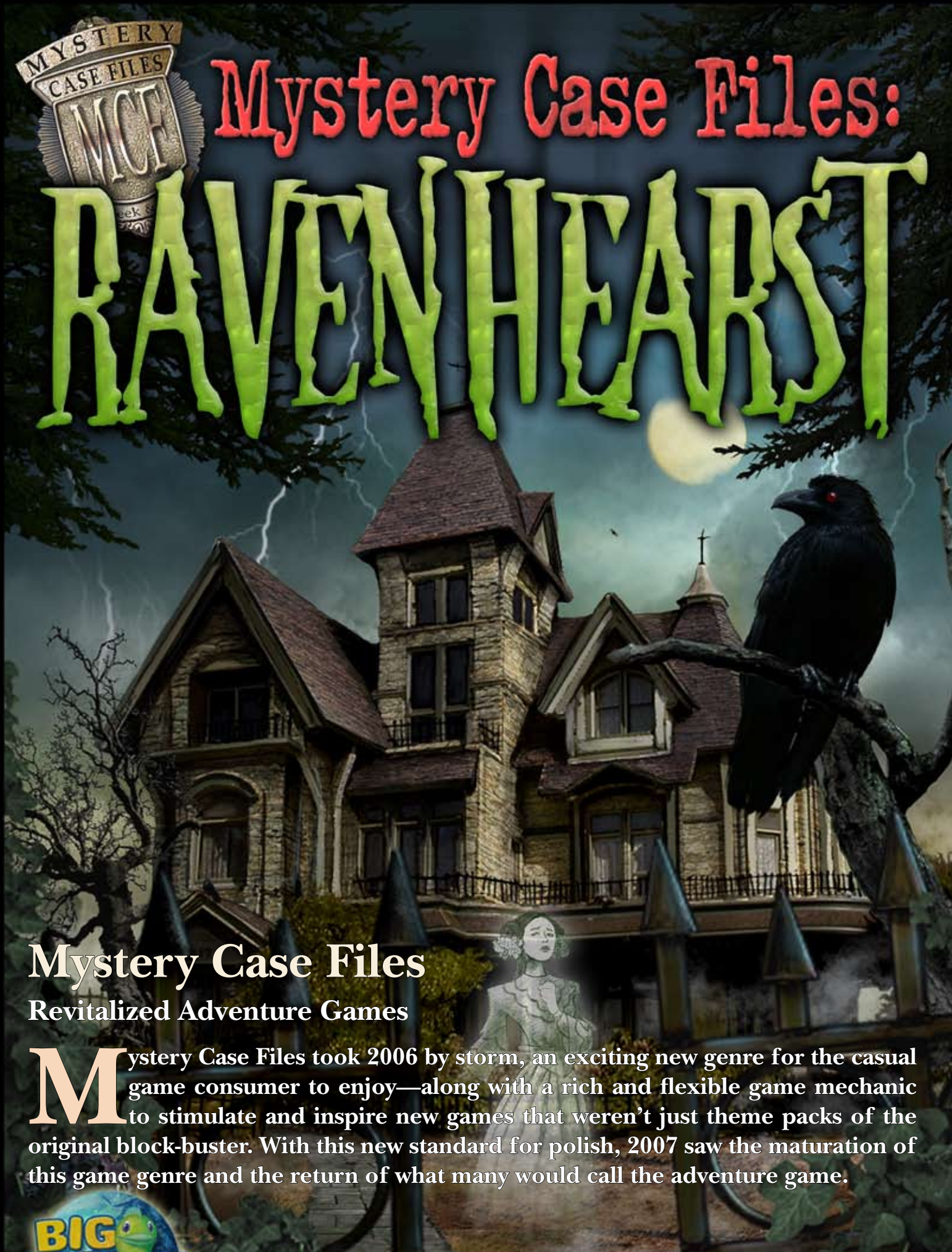
Strong storylines, evolution of narrative and main character growth keep the players hooked on the brand.



With Wedding Dash, PlayFirst launched the first “Dash” extension title and introduced a new character, Quinn, to complement Flo.

The Art of Casual

2006: Mystery Case Files



Mystery Case Files

Revitalized Adventure Games

Myystery Case Files took 2006 by storm, an exciting new genre for the casual game consumer to enjoy—along with a rich and flexible game mechanic to stimulate and inspire new games that weren't just theme packs of the original block-buster. With this new standard for polish, 2007 saw the maturation of this game genre and the return of what many would call the adventure game.

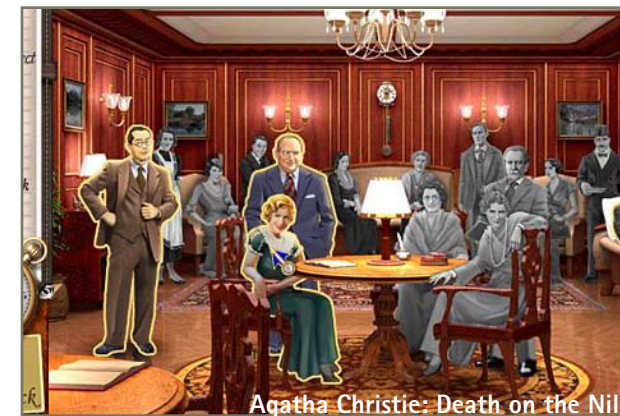


Hidden Expedition: Everest



Hidden Expedition: Titanic

After the success of Mystery Case Files, Big Fish Games released six sequels and iterations in 2006 and 2007. Not only was each successive game well received with steadily increasing popularity, sequels were released at an almost unheard of speed, with the franchise now boasting over 1.2 million copies sold. Pictured above: Hidden Expedition: Everest and Titanic.



Agatha Christie: Death on the Nile

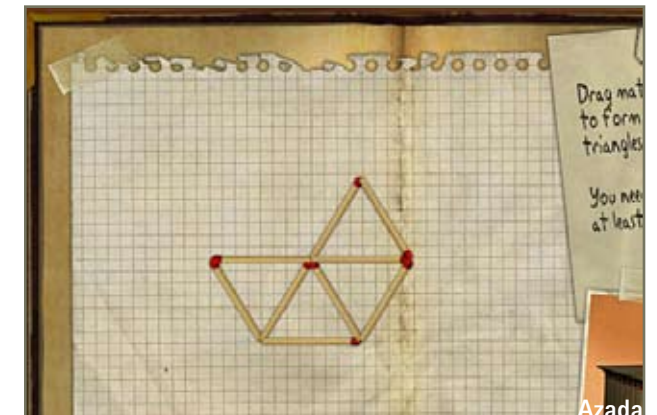


Dream Day Series

The series inspired numerous other games and while many were successful, Oberon Media's adaptations Dream Day Wedding (February 2007) designed by Cara Ely, and Agatha Christie: Death on the Nile (May 2007) designed by Jane Jensen, developed by Flood Light Games in Belarus were the most successful commercially with over 30 million downloads for Oberon's hidden object casual game titles as of fall of 2007.



Dream Chronicles



Azada

Dream Chronicles, developed by Kat Games in Spain, uses a mechanic similar to Mystery Case Files where the user solves puzzles using items found in the scene to advance the detailed and compelling story. It is in a way a resurgence of the old Lucas and Sierra style adventure games which appealed to a similar demographic. Weeks after Dream Chronicles was released, Big Fish Games released their next step in the Mystery Case Files mechanic: Azada—a series of puzzles intertwined with an entertaining story.

Inside Casual

State of the Industry

Right now the market signs for casual games are very good—fueled by the explosive growth in online media consumption. Established markets in the casual games industry are expanding at a rate of 20 percent a year.

Commitment to Casual

Although the casual games industry has grown significantly over the past 7 years, until recently, the online casual games market has been somewhat underground and unseen to many of the large, core publishers, other than Microsoft and EA. This is starting to change. In recent months, UbiSoft, Eidos, Vivendi, THQ and Activision all announced casual games initiatives. In addition, MTV recently spent \$600 million in game industry acquisitions and MTV announced their plans to spend \$500 million more, \$100 million of that specifically on casual games¹ Even Google has gotten in on the act.

The launch and success of the Wii and Xbox LIVE Arcade really changed the marketplace and many publishers who, up until now, have focused on other genres and platforms are starting to see market potential in casual gaming. This should lead to higher production values, repurposing of tools and back-catalog titles, as well as the development of new business models.

New Business Models

One of the biggest strengths of the casual games industry is innovation. This does not just apply to gameplay ideas, but also to business models. Over the last year, a number of successful business models have solidified in casual games.

With consumers shifting focus to electronic media, advertisers have found new opportunities and many of them have turned to games. The in-game advertising experience is much like that of prime-time television where dynamic rich media videos are displayed between game sessions, offering a high CPM (cost per thousand impressions) and in fact can produce ten times more revenue than traditional static ads.

Micropayment transactions are a virtual item selling based business model with a strong hold in the Russian and Asian game markets. Originally popularized in Korea as a way to combat piracy and encourage payments, the Korean market is now approximately \$1.5 billion in revenues per year. On average, the microtransaction market is generating more revenue

We must remember that, as new players enter the market—some in an effort to make a quick buck—it is possible that the overall standard of quality will begin to diminish as it has in the past boom-to-busts

per user than the core enthusiast's World of Warcraft market. EA's Pogo.com picked up on the trend at the end of 2006, selling individual gems for about a nickel each to augment avatars and improve gameplay. After just nine months, Pogo has sold over 100 million of these gems. When Diner Dash 4: Hometown Hero released in October 2007, it incorporated a built-in microtransaction and multiplayer model. Such transactions have proven to be a highly effective way of engaging the consumer and monetizing gaming products.

Other new models on the scene include user generated content (UGC), episodic content, and soft barter transactions. MiniClip, NewGrounds and AddictingGames are on the leading edge of user generated content for casual games. Together, they have over 70 million unique users each month and give their users the ability to make their own content with some offering an advertising revenue sharing program. Most user generated content creators are currently using Macromedia's Flash, but Microsoft's XNA is opening up a whole new avenue for developers looking to create their own games using a more flexible system. Concerns have been raised in the industry about the potential of user generated gaming content hurting the industry as a whole by competing with established developers, however, it is much more likely to produce cool new gameplay mechanics and new innovative ideas that established developers can then polish and take to the next level.

Inside Casual

State of the Industry

Opportunities

Electronic entertainment is still in its relative infancy. With business models still forming and evolving, we have yet to truly hit the mass market with video games. As the medium matures, we expect to see the audience continue to widen, with greater numbers and varieties of people discovering the fun and diversion of electronic games. With many untapped consumers, business model structures, and gameplay opportunities still open in the industry, especially in areas such as social networking games and casual MMO's, it is important that new developers in the market continue to innovate and grow in new directions. It is doubtful that anyone will succeed in the long term with undifferentiated content in a saturated market.

The fact that women are buying casual games in such large numbers is especially significant considering that electronic games have traditionally been associated with young males

Market Stability

The North American video game crash of the 1980s brought with it valuable lessons: newcomers to the industry, believing that video games offered a quick way to make a lot of money, had rushed a lot of low quality games to market on a myriad of competing platforms which resulted in disaffected consumers and the crash of the market.

Since then, the video game industry has gone through tremendous upheaval, eventually straying from its casual gaming roots to focus budgets and attention on the enthusiast hard-core game consumers. As a result, the industry has shifted from a mass market appeal, concentrating its efforts on building increasingly complex games for devoted game-playing enthusiasts.

Recently, the industry saw a bubble in the mobile gaming world as analysts and venture capitalist predicted huge revenues from wireless games. The assumption was that, given the increasing number of cell phones, electronic gaming would grow as never before. While some have enjoyed great success in mobile gaming, the initial forecasts has proven overly optimistic, as poor quality content coupled with restrictive, carrier-controlled distribution, initially limited market expansion.

One of the most exciting things about the casual games industry is its ability to appeal to a wide variety of people: males and females, old and young alike

The online downloadable industry avoided many of the issues which plagued other sectors because of built-in rewards to the developer for innovation and high-quality game experience, combined with distributors merchandising just the best content as a solution to screen and shelf space limitations.^{2,3} The number of games released to game portals has stabilized in the past few years with portals limiting the number of games offered within their screen space. By limiting the amount of electronic "shelf space," the portals have effectively reduced the exposure of lesser quality games. In an added effort to maintain customer loyalty and encourage innovation, portals such as Big Fish Games and Reflexive have recently introduced partner programs through which developers receive ongoing compensation for the revenue generated by the customers they send to the portal.

We must remember though that, as new developers enter the market—some in an effort to make a quick buck—it is possible that the overall standard of quality will begin to diminish, as it did in the past. What is more, struggling publishers may begin slashing prices in an effort to gain market share, which in turn could create additional pressure to create cheaper, lower quality games. In such an environment, knock-off or clone games may further erode margins and diminish consumers' satisfaction with the overall casual games experience. This is especially a risk in retail where there is no trial-to-purchase model.

"Coopetition"—companies who are both cooperator and competitor at the same time brings another risk to the industry. Since its inception, the casual games industry has thrived, partly because of and partly in spite of the fact that publishers share distribution to increase consumer and game accessibility. In an effort to create differentiation and control distribution channels, distributors have begun to limit their supply channels, which has reduced distribution of top-tier content. While this has reduced the profitability of publishers who also have distribution channels, this has allowed independent publishers to be more competitive in attracting top-tier developers because of the wider distribution networks of the independents.

1. Steve Youngwood, "Big Media & Casual Games", *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.

2. Erik Goossens, "Games Selection, What's The Right Balance?", *Casual Connect Magazine*, Summer 2007, pg 13, <http://mag.casualconnect.org/>.

3. Mark Cottam, "Merchandising at Retail", *Casual Connect Magazine*, Summer 2007, pg 32, <http://mag.casualconnect.org/>.



Inside Casual

The Casual Games Industry

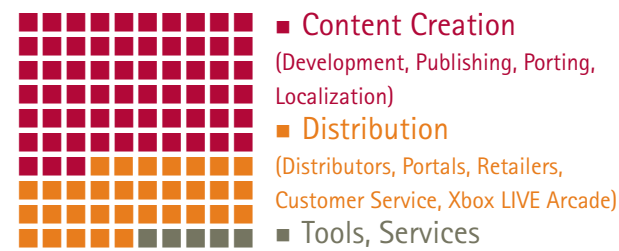
The core of the casual games industry is made up of two groupings: content creators and content distributors. Content creators include developers and publishers: the developers create the idea and build the game; publishers provide funding, help polish game, shop it around for distribution, and provide marketing assistance. Content distributors include portals and traditional brick-and-mortar retailers: the portals are websites or console interfaces that enable consumers to access the games; retailers are traditional stores that typically sell the games on a disc inside a retail box.

As with any creative industry, the majority of professionals are involved with the creation of game content. This section provides details about the professional content creators and content distributors which comprise the casual games industry.

100 employees = median size of reported casual game division or company ¹

1100 = number of divisions or companies with active strategies to address the casual games market ¹

Professionals in the Industry ¹



Company Composition ¹

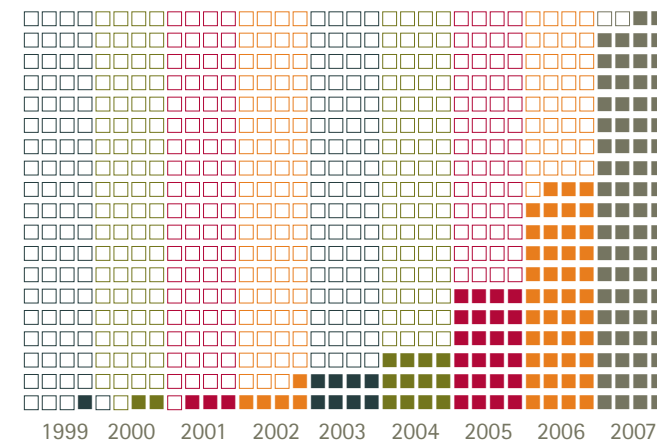
All-In-One (Developer, publisher & portal under one roof)



Content Creation, Development Studio



Company Growth: Leading Independents Located in the Pacific Northwest ¹



■ = 15 employees

worldwide employees for independent companies located in or with major offices in the Pacific Northwest: RealNetworks, Big Fish Games, PopCap Games & Oberon Media.

\$77,000 = average game developer salary in Pacific Northwest ²
source: Enterprise Seattle

1. From Casual Games Association records.

2. Average salary calculated by Enterprise Seattle, <http://www.enterpriseseattle.org/>.

Inside Casual

Casual Game Designers

While you may not have heard of many of the designers listed below, the industry wouldn't be the same without them—collectively they are responsible for creating and driving revolutionary and often disruptive game developments. Just as professional athletes make complicated and nearly impossible feats look effortless, there is a great deal of hidden complexity and skill required to make great casual games. And we know this—because it seems that the same people are consistently enriching our industry. Unfortunately, these very people who truly make the difference in the industry are often overlooked, so in an effort to make right, below is our list:

Casual Game Designers

Nolan Bushnell <i>Designer & Electrical Engineer</i> Atari Console, 1972	Due in a large part to the work of Nolan, 100 million people self identified themselves as a game player—either playing at home or in coin-op arcades. There were 600,000 coin-op arcade games in the US in the early 80's.
Wes Cherry <i>Designer & Software Engineer</i> Windows Solitaire, 1985	Your gut is correct: Solitaire is the #1 opened application on Windows XP. Bringing games to the PC was the stepping stone for modern online based games—allowing consumers to move easily from Solitaire to Bejeweled.
Alexy Pajitnov <i>Designer & Software Engineer</i> Tetris, 1985	Unique and addictive puzzle game based on a classic geometric puzzle board game “Pentominos”, developed at the Russia Academy of Sciences in Moscow. To this day Tetris is still the #1 selling electronic casual game.
Jason Kapalka <i>Designer</i> Bejeweled, 2001	Bejeweled is a high quality web-based game which kicked off the online casual game craze in 2001. Bejeweled has become the gold standard of online casual games.
Jane Jensen <i>Designer & Software Engineer</i> Gabriel Knight, 1993	Jane entered the casual games industry to bring robust story and character development to consumers, her notable casual game titles have been Inspector Parker (2003), BeTrapped! (2004) and Agatha Christie (2007).
Warren Schwader <i>Designer & Software Engineer</i> JewelQuest, 2004	While quest and story modes are now second nature to casual games, Jewel Quest was the first game to integrate story progression in a way that significantly increased the player's attachment to the game.
Nick Fortuno & Kenny Shea Dinkin <i>Designers</i> Diner Dash, 2005	Jewel Quest brought story progression to the casual gamer just a year earlier, Diner Dash revolutionized character development and progression in casual games. Consumers embraced the well designed Flo character.
Andy Megowan, Designer & Engineer Israel Evans, Artist Tradewinds, 2003. Cake Mania, 2006	Cake Mania was the most downloaded casual game released in 2006. With a unique art style and innovative gameplay, Tradewinds has a strong and loyal fan base.
Big Fish Games Studio http://www.bigfishgames.com/	Consistently high quality game design—with fast paced release schedules. The Mystery Case Files Series has been developed at the BFG Studio which has sold over 1.2 million copies. Profile on page 39.
PopCap Games Studio http://www.popcap.com/	Innovative and genre defining game play—which has revolutionized and jump started the online craze. Bejeweled, Zuma, Bookworm & Peggle. More information on pages 11 and 12.
GameHouse, a division of RealNetworks http://www.gamehouse.com/	One of the largest game studios in the world releases approximately 15 original game titles each year - many of which are best sellers. Profile on page 46.

1. Send your favorite designer some fan mail using: a-firstname.lastname@casualconnect.org. It is interesting to note that many designers are also engineers, Paul Thelen, founder of Big Fish Games, is also an engineer and designed, coded and developed BFG's first set of games.

Inside Casual

Casual Content Creation

One of the biggest attractions to new developers looking at entering the casual games industry is the low development cost in comparison to the potentially high return on investment—a top ten casual games franchise can generate upwards of \$10 million. Casual games cost far less to make than the typical hard-core game, and have a much shorter development cycle. In addition, many casual developers start online because of the ease and flexibility of updating versions, in comparison to other platforms.

Developers usually have one hit for every five to ten failures. Only an average of 25 percent of games submitted to the average portal and distributors are accepted for distribution.¹

A top quality, online download game usually requires one to three programmers and one to two artists over the course of 6 months. There are lots of choices in terms of programming tools, but the most popular are PopCap's C++ Framework, C++, Microsoft's Visual Studio, Adobe Director and Adobe Flash. Recently, Microsoft XNA is beginning to pick up supporters. All of these tools are fairly inexpensive which lowers the barrier to entry and ensures gameplay is given top priority.

Developers Report¹

90% = revenue from trial-to-purchase and advertising which developers receive from the Top 15 retailers in western markets

The Casual Games Association estimates the release of over 500 commercially viable casual game titles distributed online each year.² These commercially viable games are often able to repay prudent development budgets and represent approximately 25% of the completed casual game titles.²

The majority of online portals feature active catalogs of over 1,000 games and on average cycle 75 to 300 new games into their catalog each year.²

10% additional revenue from offering trial-to-purchase games in a brick-and-mortar retailer as reported by developers



Most successful developers initially develop online downloadable casual games first—and then when they are blessed with a hit, port to other platforms

Online trial-to-purchase casual game production budgets typically range between \$50,000 and \$500,000

*Add: iPod, Mobile, PDA³
\$20,000*

*Add: Set-top Box (Hotel)
\$10,000*

*Add: Xbox LIVE Arcade
\$230,000*

*Add: Handheld (DS, PSP)
\$300,000*

*Add: Wii
\$300,000 to \$2 million*

*Add: Next-gen Console Game
\$15 million*

Just because casual games take less time to develop, have less technological requirements, and are cheaper to make, doesn't mean they are easier to make – they just require a different skill set. Typically casual games require a higher percentage of development time to be spent on design and usability and artistic iteration than hard-core video games

1. From data reported to the Casual Games Association by casual developers and publishers.

2. Game release numbers calculated by submission and acceptance ratios reported directly to the CGA by major online portals and content creators.

3. Cost to create basic reference build port, this does **not** include the numerous builds required for each handset or handset compatibility issues.

Inside Casual

How Development Works

There is no shortage of product examples or information online and in print about making games which appeal to 18 - 35 year old core enthusiasts. So let's focus on how creating casual games differ from creating games for the core enthusiast gamer.

Casual Game Content Creation¹

- 1 Casual game development focuses primarily on the core game mechanic and gameplay being fun.
- 2 Development teams value generalists who can work in many styles and many systems.
- 3 6 month to 1 year production cycles mean less room for error on each project, but with multiple projects, your eggs aren't all in one basket.
- 4 Casual and core developers have similar salaries at established studios, casual bonuses are larger.
- 5 Gameplay perfection is important: on release, portals usually give new games three days to move from "New Games" to "Top 10", in a catalog of 1,000 games, not being on the Top 10 generally means very few sales.
- 6 Production values are strong predictors of sales, hype and licenses have less of an impact. Initial recognition doesn't always equate to more sales because consumers are able to try before they purchase.

Team Breakdown¹

The average casual game development team is similar to a sub-team in the core space working on a level or a major gameplay feature¹

Programmers: 2 full-time, 1 part-time

There are typically 1-2 gameplay programmers as well as shared engine and tools programmers.

Artists: 2 full-time, 1 part-time

Artists typically help create placeholder gameplay art and then join the project after the prototypes have been completed to create final art.

Producer: 1 part-time

Producers guide the original development process and then see the project on through usability, user-testing and porting. Producers (if not also designing) will typically work on 2-3 projects at a time.

Designer: 1 part-time

Designers have a more pivotal role on day-to-day production than in a core project—because the game is so focused on gameplay.

Testers: 3-5 part-time

Testers typically join the process at major milestones and near the end of development to ensure levels are the right mix of challenge and fun. Because of the strong focus on gameplay, testers take a pivotal role.

1. From Casual Games Association records and information submitted to the Casual Games Association by members.

The Move: Core to Casual

A personal account from a software engineer:¹

It was July 2003 when I signed my first contract with a casual games publisher and proceeded to recruit a couple of my good friends to make our first casual game. I thought at the time—with six of us crammed into my tiny home office—that this was just a brief diversion before venturing back to making "real" games. Back then, I would have never imagined that I would still be very involved in the casual gaming industry today or that the group recruited to work in our barely functional, makeshift office would still be making casual games as well.

As our casual game development studio became more established, moved into a real office, released a couple of games, and began working on high-profile projects, moving back to "real" games became less and less alluring. Although I did miss my software engineering days (I always liked searching for bugs and creating cool physics simulations), the attraction of managing multiple projects simultaneously—with products that appeal to more than just teenage boys—was undeniable. Still is, in fact.

I had not realized that there is so much to like about the casual games industry. The people are very friendly, excited and passionate about making games for everyone. Industry insiders rarely complain about politics in the office and the long hours they are forced to work. And get this: My mother, my sister—even my father will play our games.

I suppose then, that it's not surprising that we're starting to see our industry really take shape. Although casual games have been the ugly stepchild in the gaming industry for many years, our recent, impressive growth has enabled us to begin connecting the various links in the value chain, turning what once was a scattered handful of independent developers, publishers and distributors into a vibrant, self-sufficient, professional community. And the pay-off for all of us is that we are doing better work—and making more money—than ever before.

What we're seeing is that when all of us come together—developers, publishers, distributors—we strengthen the links in the value chain and improve our chances of connecting with an ever-widening consumer base. And if we do that, the inevitable result will be healthy, sustainable growth for many years to come.

submit your story: anon@casualconnect.org

Inside Casual

Global Market Opportunities: Western Europe

The Western European casual games market is stable with a well established value chain. Western Europe offers an important development center for the casual games industry and a strong consumer base with a number of large portals including AOL, MSN, Orange and the Zylom network delivering significant revenue. Western Europe saw a significant customer base increase in recent years when content was fully localized into French, Italian, German and Spanish (FIGS).

Consumers in Western Europe respond well to mobile offerings. We are unsure why consumers in the USA do not react the same way, but it might be something ingrained into the culture such as the prevalence of mass-transit or the carriers lack of standardization of delivery and payment systems. Skillgaming is very strong in Europe, with a majority of the revenue from this business model coming from this region from King.com and GameDuell. Microtransactions and virtual currency have gained a foothold in the region as seen with local offerings of Habbo Hotel and Bigpoint, but have yet to become the primary monetization method of the region as they have in Russia and Asia. The trial-to-purchase price point is higher in Europe than in the United States, with games selling for 20,00 € which translates to approximately \$28.80.

Western Europe Hot Spots

Berlin <i>Germany</i>	Germany's largest city is a mix of old and new—a center for politics and research science along with artists seeking a liberal community with low cost of living. GameDuell (more information on page 31) a prominent skill-based gaming company operates in the area.
Copenhagen <i>Denmark</i>	In spite of the high cost of living, Copenhagen is a desirable city to live in because of their family friendly and equal rights culture. RealNetwork's GameTrust development studio (profile on page 46), and Unity 3d , a toolset for developers are both located in Copenhagen.
Dublin <i>Ireland</i>	Ireland has long been a hot spot for language localization for the gaming industry. This along with agreeable tax advantages and a reasonable cost of living make Dublin a prime location for international operations. PopCap Games (more information on pages 11 and 12) mobile, localization and European support are located in Dublin.
Eindhoven, Amsterdam, Nijmegen <i>The Netherlands</i>	RealNetwork's Zylom (profile on page 46), the leading localization and distribution entity in Western Europe operates out of Eindhoven. Also located in The Netherlands are: Streamline Studios , Chello Media , Spill Group , Endemol , SkillHill , TMG Company , and ZC Funcraft .
<i>Germany</i>	Germany, outside of Berlin and Hamburg, is also home to many new media and game developers including TOnline , Eidos (who purchased Blue Fish Media in Spring of 2007), Click and Buy , Wirecard , Phenomedia Publishing , Vodafone , and Gameloft .
Helsinki <i>Finland</i>	Helsinki is a center for innovative new business models in Europe including microtransactions from Sulake , the developer of Habbo Hotel, and mobile gaming companies: Digital Chocolate , RealNetwork's Mr.Goodliving , (profiles on page 46) and the developer of Sparkle, Myth People .
Hamburg <i>Germany</i>	The new media center of Germany geographically between Copenhagen & Amsterdam has more CGA members than any other city in Western Europe, and is home to over 50 developers and publishers including AOL , Codemasters , Capcom , Exit Games , King.com (profile on page 41), Intenium , Eidos and Bigpoint .
London <i>United Kingdom</i>	England is a long time center for the game development community with Codemasters , Yahoo! Europe , King.com (profile on page 41), Eidos , MumboJumbo , EA Casual Games , Team 17 , developer of Worms , Mimiclip , and Big Wig Media , developers of Scruffs .
Paris <i>France</i>	The casual gaming industry's center is in Paris with the Boonty , Cafe.com (profile on page 47), Orange/Wanadoo (profile on page 51), Metaboli , Ubisoft and Focus Home Interactive .
Zaragoza <i>Spain</i>	Kat Games the developer of Dream Chronicles (more information on page 18) is located in sunny Spain.

1. For more information on international language localization, read Heather Chandler, "International Language Localization", *Casual Connect Magazine*, Summer 2006, <http://mag.casualconnect.org/>.

2. The Casual Games Association hosts a yearly conference in Western Europe in February, 2008 in Amsterdam, and 2009 in Hamburg.

Inside Casual

Global Market Opportunities: Eastern Europe

Despite starting from nothing in 2003, Eastern Europe is experiencing revenues of \$10 million yearly for trial-to-purchase games and \$24 million for online microtransactions. The trial-to-purchase market is currently growing by 20 percent each month (yes, each month). Today more than 100 professional casual game companies are located in Eastern Europe. A large amount of the recent boom can be credited to improvements in internet infrastructure, increased broadband connectivity, and improved payment infrastructure for online transactions.

The main contribution which Eastern Europe brings to the casual games industry is content development. The area is known for excellent school systems that emphasize math and sciences, while fostering creative thinking. While some think of Eastern European development as below par, the results prove otherwise. Consider: 1. Tetris was designed and developed in Russia, 2. Over 30 percent of the Top 10 Games in 2006 were partially developed in Eastern Europe and Russia and 3. Games developed in Eastern Europe and Russia comprised 3 of the 10 best selling titles on RealArcade's portal in the first 10 months of 2007. All Top 10 calculations have been calculated using data from <http://www.game-sales-charts.com/>.

Eastern Europe & Russia Hot Spots

Kaliningrad <i>Russia</i>	Realore Studios - developers of Jane's Hotel & Turtle Odyssey Platformer. Intenium - game development studio for Hamburg based publisher.
Krasnoyarsk <i>Russia</i>	Puzzle Lab - developers of the hits Puzzle and Magic Inlay, which are #9 and #10 in the overall Top 10 list for RealArcade, with 550 weeks combined. ¹ Dekovir - developers of Ballistic which in 2004 was on RealArcade's Top 10 list for 70 weeks. ¹ Sugar Games - developers of Rainbow Web which was on RealArcade's Top 10 list for 63 weeks. ¹
Kyiv, Dnepropetrovsk, Rivne, Crimea, Lugansk <i>Ukraine</i>	Friends Games - content development studio purchased by Oberon Media in October of 2007. Absolutist - content development, porting and outsourcing. Nikitova - major outsource and porting company. Arkadium - the technology and development branch for NYC based casual games company. Enkord - Eastern European publisher. Meridian 93 - developer.
Leskovac <i>Serbia</i>	Paprikari - developer of Mortimer Beckett and the Secrets of Spooky Manor which was on RealArcade's Top 10 list for 49 weeks in 2007. ¹
Minsk & Brest <i>Belarus</i>	Awem Studio - Cradle of Rome and Star Defender developer. AliasWorlds - well known for it's Snowy franchise. Flood Light Games - developer of Agatha Christie: Death on the Nile.
Moscow <i>Russia</i>	IT Territory - Russian distributor and publisher of online games (profile on page 49). The largest Russian online games portals are located in Moscow including Mail.ru , Yandex , and Rambler Internet and the content creators Gajin Entertainment , 1C Publishing , and Shape Games .
Novosibirsk <i>Russia</i>	Alawar Entertainment - publishers of many hit games including Magic Ball and Stand O' Food which was on RealArcade's Top 10 list for 42 weeks in 2007. ¹ Funding in 2007 has strengthened Alawar's operations and publishing arm.
Riga (Rīga) <i>Latvia</i>	CTXM - leading development house for Xbox LIVE Arcade platform with 14 released titles offers publishing and development services on variety of consoles, also provides producing services for Eastern European developers.
St. Petersburg <i>Russia</i>	Sandlot Games - Sandlot's development studio for Cake Mania, the #1 downloaded game of 2006. IT Territory Nord (Alterlab) - developers of Believe in Santa. Nevosoft - Russian distributors and developers who in collaboration with RealNetworks produced the hit game Mysteryville which was on the Top 10 of RealArcade for 146 weeks in 2006 & 2007. ¹ Kenjitsu - development studio associated with Nikitova, purchased by Oberon Media in October 2007.
Vladivostok <i>Russia</i>	Hotlava - developers of the 7 Wonders series, purchased by MumboJumbo on 31 July 2007.
Vologda <i>Russia</i>	Playrix (was Terminal Studio) - developer of Rise of Atlantis.
Warsaw <i>Poland</i>	Codeminion - developer of Magic Match.

1. All Top 10 calculations have been calculated using data from <http://www.game-sales-charts.com/>.

North American development is centered in the Pacific Northwest; Vancouver and Montreal, Canada; New York; and throughout Los Angeles and San Francisco Bay Area, California.

Pacific Northwest. With RealNetworks (profile page 46), Big Fish Games (profile page 39), Oberon Media (profile page 45) and Microsoft Casual Games (profile page 42), Nexon (more information on page 14) and WildTangent, the Pacific Northwest is home to many all-in-one casual games companies—those who have development, publishing, distribution and portal arms all under one umbrella. A number of well respected development studios are located in the area including PopCap Games (more information on pages 11 and 12) and Sandlot Games, with many up and coming developers releasing solid titles into the market in 2007 such as GoBit who released Burger Shop, HipSoft, who released Build-A-Lot, Gogii Games, developers of Nanny Mania, Toybox, SpinTop, Article 19, developers of Carrie the Caregiver, Lucia and Threewave Software.

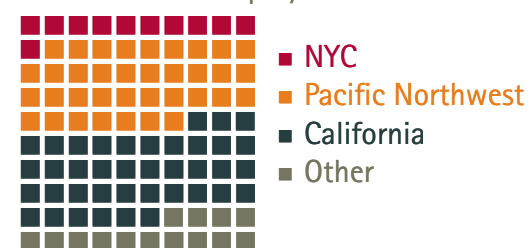
Canada: Montreal & Toronto. UbiSoft made headlines in 2007 with its announcement of opening a casual games division, located in Montreal. VMC (profile page 53), the company which certifies Xbox LIVE Arcade, has over 300 employees in the Montreal office.

New York. With the solid base of advertising and games as media in New York, companies in this area are generally focused on branded content and high-quality pop casual games. MTV Networks, Nickelodeon (profile page 43), Oberon Media (profile page 45), Gamelab (profile page 48), LargeAnimal (profile page 50), RealNetwork's Game Trust (profile pg 46) and Slingo (profile page 53) are in the New York City area.

California: Los Angeles and San Francisco Bay Area. California is a central location for technology and media innovation and is a hotbed for content creation with Last Day of Work, iWin.com (more information page 15), PlayFirst (more information page 16) and Shockwave (MTV profile page 43), Glu Mobile, GSN, iPlay (Oberon Media profile page 45), Electronic Arts Casual (profile page 40). Digital Chocolate, Macrovision's Trymedia, Activision (profile page 47), and MumboJumbo.

Mid-West & South. Texas, Chicago and North Carolina have been long-time game development hubs, so these are locations which lend themselves well to developers and those distributing games at retail such as MumboJumbo (profile page 44) and Merscom, who are both developers and retail distributors. Porting and advergaming companies also thrive in these areas because of the strong local bases of knowledgeable game developers.

North America Employee Distribution¹



Economic Impact Often when technology companies think about relocating to an area which will provide an environment for solid growth, the first thought is Scotland or Ireland, areas which have made great strides in recruiting technology companies with impressive offers. In North America, the Canadian government has taken the lead to encourage technology companies to invest in the technology sector. This investment has proven successful with major developers opening up development companies in Montreal and Vancouver, Canada. There are over 6,000² game developers in Vancouver and 5,100³ in Montreal.

Casual Game Retail Distributors and Retailers

Casual Game Retail Distributors and Retailers			
Brick and Mortar Distributors	Activision	Santa Monica, California	profile page 47
	MumboJumbo	Dallas, Texas	profile page 44
Brick and Mortar Retailers	GameStop	Grapevine, Texas	gamestop.com
	Best Buy	Minneapolis, Minnesota	bestbuy.com
	Target	Minneapolis, Minnesota	target.com
	CompUSA	Dallas, Texas	compusa.com
	Wal-Mart	Bentonville, Arkansas	walmart.com

1. From Casual Games Association records.

2. Vancouver developer numbers from the Canadian Consulate General. 3. Montreal developers from Investissement Québec.

With an online games market worth \$2.5 billion in 2007, Korea, China, India, and Taiwan also represent significant market opportunities for game publishers. Although often lumped together into one Asian market, they cannot be treated with one blanket solution or as one region because such significant cultural and business differences exist between them. While smaller than Japan, Korea, and China, the Thailand and Vietnam markets are interesting because companies are starting to generate revenues from investments. While there has been much written—and the international community understands much about the Japanese and Korean markets the Chinese and Indian markets are up and coming, so we will focus on these.

China The Chinese gaming industry has already seen remarkable growth, from an insignificant market in 2000 to in excess of \$1 billion in 2007. The casual games market is intensely competitive, with portals such as Netease, Sina, Sohu, and Tencent all offering a similar offering of games. Casual and web games in China are played by nearly 47 percent of online gamers and top casual games average 800,000 users at a time. Like Eastern Europe, internet and broadband growth has the most impact on the growth of this market. Approximately 54 percent of internet users in China are under the age of 30.

While China has a robust games market, most of the top advanced casual games played in China are actually developed in Korea due in part to many of the locally-created titles emerging as clones of existing products which lack the innovation required to be a hit. Additionally even those developed in Korean have a distinctly uniform look. These factors mean potential for Western publishers with new content to enter the market if they keep in mind the need for Chinese localization, content, multiplayer offerings (single player is much less popular with Chinese users) and are willing to deal with the challenges related to intellectual property protection and an ever changing regulatory system.

India 2008 is expected to be a pivotal year for the India games market for a variety of reasons including that international companies are now considering combining their offerings in China with expansion into a nearby country. India has a large middle class population of 81 million, with growing Internet and broadband consumption. In addition the recent Xbox360 launch in India combined with local and international players experimenting with different business models is encouraging. Another key reason is the launch of the gaming portal zapak.com by Reliance, one of the largest business groups in India. Zapak plans to offer free casual games, downloadable for \$1 to \$5, email, blogging, TV, and forums. The revenue model will be based on a mix of advertisements, subscription, and pay-per-use fees. In addition, Zapak plans to offer an in-game economy allowing for the selling and trading of virtual items. Still India can be an extremely challenging market with game operators struggling to monetize games and one must deal with infrastructure issues that plague the country as well as price sensitive consumers.

Major Publishers & Distributors¹

Major Publishers & Distributors ¹			
Publishers	GoPets	South Korea	gopets.net
	Nexon	South Korea	nexon.com
	NHN	South Korea	nhncorp.com
Distributors	9you	China	9you.com
	Netmarble, CJ Internet	South Korea	netmarble.com
	Gamania	Taiwan	gamania.com
	Gigamedia	China	gigamedia.com
	Neowiz, Pmang	South Korea	neowiz.com
	NHN, Hangame	Japan, China, Korea	hangame.com
	Ourgames	China	ourgames.com
	Shanda	China	shanda.com
Softworld	Taiwan	softworld.com	

1. For a more detailed analysis of the Asian market to ask permission to use the data or to purchase a full report, please contact Pearl Research at research@pearlresearch.com or call +1 415-738-7660. Also see: "Opportunities, in China and India", *Casual Connect Magazine*, Summer 2007, pg 54, <http://mag.casualconnect.org/>.

Over 200 million people play casual games each month over the internet

imagine if everyone in...

Shanghai, Paris, Mexico City,
New York City, London, Tokyo,
Los Angeles, Beijing, Moscow,
Amsterdam, São Paulo, Siberia,
Canada and Australia *

sat down at a computer
opened an internet browser
and played an online casual game

* we know you are thinking about the kangaroos taking over Australia

Business of Casual

Market Business Overview

To be successful, any industry has to figure out how to make money from its products or services. The question of how much to charge is a critical one since to a large degree it determines the viability of the industry: Charge too much and you may scare away your customers forever; charge too little and you may predispose consumers to paying less than your products are worth.

Of equal importance is the question of how to make money. Choosing the right business model may mean the difference between effective long-term monetization, on the one hand, and a rapid descent into oblivion on the other.

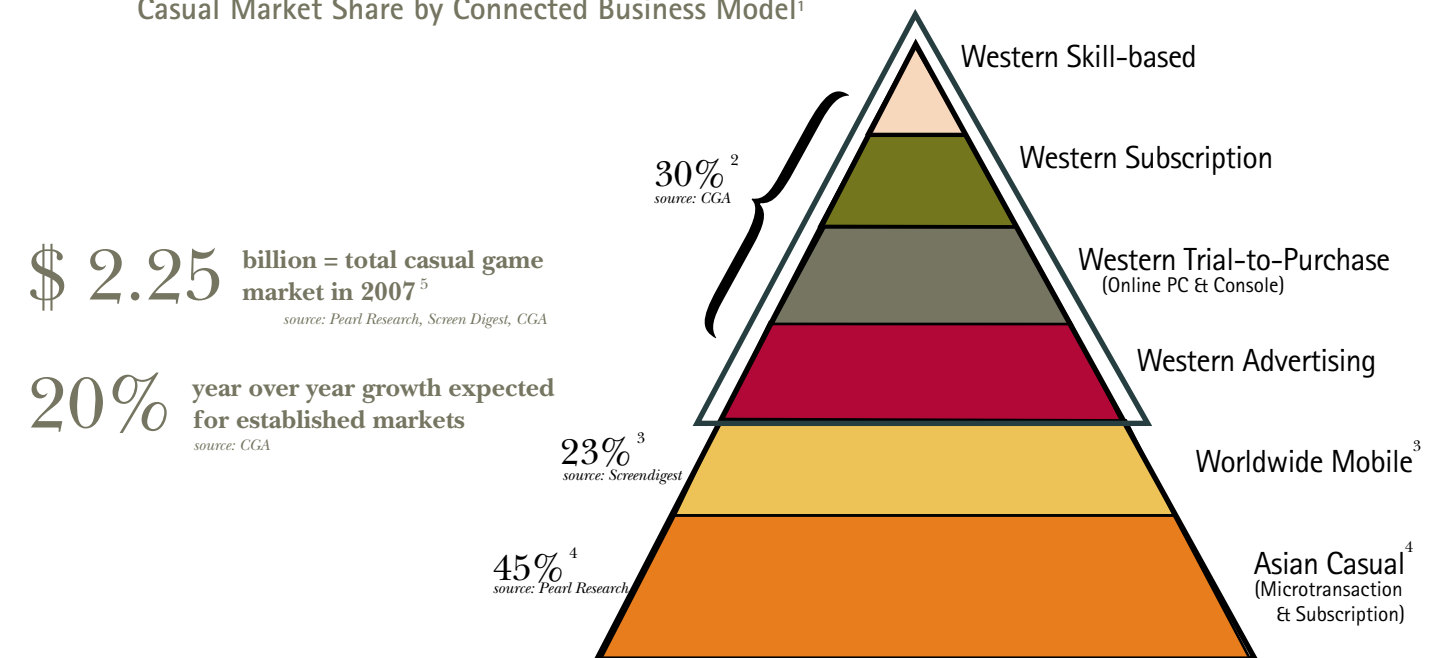
One of the interesting things about the casual games market is its ability to maintain and foster many different business models. Some websites charge per downloaded game, others offer unlimited subscriptions for a set fee per month, and some supply advertising supported games for free. Many of these online casual games can also be purchased at retail stores for the PC, as well as in Wii, DS and PSP versions.

Most of the casual games business models fit within two main groupings:

Retail Consumers purchase boxed products from retail outlets at a price ranging from \$5.00 to \$35.00. In addition to the retail transaction, game developers can make additional money through in-game advertising and advergaming.

Online Most portals offer a choice to the consumer of multiple ways to pay based on many different business models. Online business models include: advertising supported online games, skill games, in-game advertising, micropayment transactions, and advergaming. Some games mix retail and online monetization by offering the base game in retail and then offering consumers additional content through online transactions.

Casual Market Share by Connected Business Model¹



1. A note: Microtransactions and subscriptions are typically the dominant business model for online games in Asia and the dominate model in Russia, with many reports focusing so directly on Western Countries, business models for Western Countries were often extrapolated to include the entire market. In Western Markets, games will often employ Skill, Subscription, Trial-to-Purchase, Advertising, Retail and Mobile—all for one game. Thus each game will recognize revenue from many sections of the pie.

2. Skill-based, Subscription, Trial-to-Purchase & Advertising revenue calculated by the CGA based on revenues from major online portals and publishers.

3. Mobile revenue calculated by Screen Digest include card, board, and puzzle games **only** - this does not represent the entire mobile markets. Although as the market matures and consumers are given content proven to have a high customer satisfaction, the CGA believes the casual market share will increase.

4. Microtransaction & Subscription revenue in Asia calculated by Pearl Research. Calculation includes some advanced casual games.

5. Total market includes casual games for all PC and console (ie Xbox LIVE Arcade) including when those games originally for online distribution are packaged and sold in brick-and-mortar retailers.

Business of Casual

Business Model: Skill-based Games

With skill-based games, players pay a small entrance fee to participate and compete against other consumers in a game of skill. (Note: If it is purely a game of chance, with little or no skill required, it would be considered gambling.) The player who wins the contest is awarded the collection of entrance fees minus a small transaction fee retained by the operator.

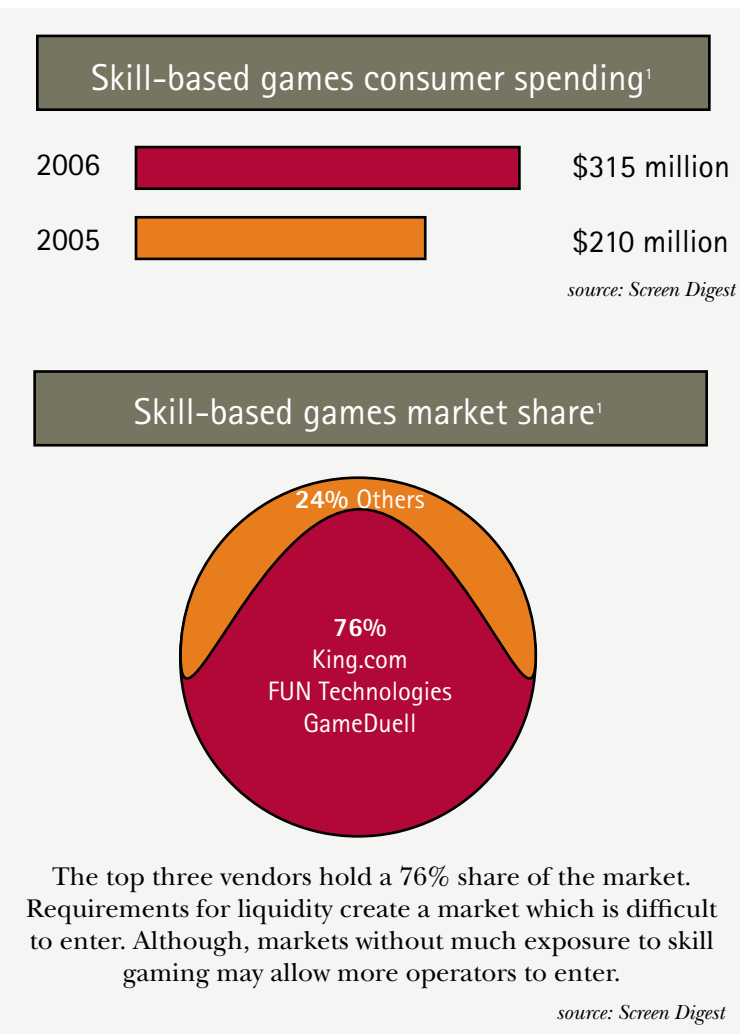
Since real money is involved, games are played directly in the consumer's web browser using a secure connection with code in place to prevent cheating.

Skill-based games provide a very strong community element because of the interactive nature of the head-to-head competition and tournaments

In order to have enough liquidity or people competing in each match or tournament (to make the venture both viable and profitable), companies must scale to a significant player base. Because of the requirements for a large player base, only three main skill-based gaming operators have emerged. Fun Technologies is based and operates mainly in Northern America under the brand name WorldWinner. King.com is based in the United Kingdom and operates in Europe and North America. GameDuell is based in Berlin and operates mainly in Germany.

User experience is somewhat akin to gambling, which makes some a bit uneasy. While perfectly legal in most states in the USA—Alaska, Arizona, Connecticut, Delaware, Florida, Illinois, Iowa, Louisiana, Maryland, Missouri, Montana, South Carolina, South Dakota, Tennessee, and Vermont have limited the ability of skill-based gaming companies to operate games for cash.

Skill-based gaming generates a large amount of revenue per customer



[^] Instruction page located on worldwinner.com



[^] King.com employs strong brand licenses from pop culture which are often publicized on television

1. Numbers calculated by Screen Digest. For more information, to ask permission to use the data or to purchase a full report on Skill-based Games, contact Piers Harding-Rolls at Screen Digest <http://www.screendigest.com/>, +44 (0)20 7424 2820.

Business of Casual

Business Model: Subscription

Electronic Arts is the envy of the casual games industry. In July 2003 Club Pogo was launched, and has proceeded to attract over 1.5 million subscribers, each paying \$5.99/month or \$34.99/year for advertisement free play and community features. Success inside subscription services depends heavily on creating a large community of subscribers. To date, shockingly few have been successful generating sufficient revenue from this model.

Much of the online Trial-to-Purchase content offered is identical across multiple websites, subscription programs offer a key advantage in that they encourage customer loyalty by creating differentiation. While this is great for online websites, because of varying multiplayer technologies, it becomes difficult for developers to distribute gaming content on a wide variety of websites—which has been key to sufficient revenue for developers.

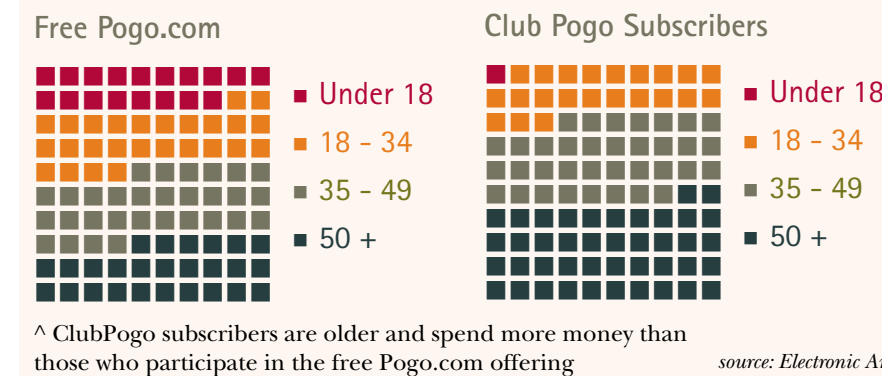
Compared to other models, subscriptions normally generate a large amount of revenue per customer and encourage community interaction, increasing the stickiness of the website

Currently there are two main subscription models:

1. Consumers typically pay a set fee to play all the online games they want—much like a premium cable subscription. Trial-to-Purchase quality games often represent part of “premium” content, along with access to message boards, community features and player profiles. Club Pogo and Shockwave UNLIMITED use this subscription model.
2. Consumers subscribe to a bulk game package where they pay a fixed amount each month for a predefined number of games along with a discount for additional games purchased—similar to the mail-order “album of the week” popular a decade ago. Typically consumers who purchase a large number of games participate in subscription programs. RealArcade and Big Fish Games offer these monthly bulk subscriptions.

More Information

1. Andrew Pedersen, “Portal Report & Strategy”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
2. Kate Connolly, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, “Teens & Tweens”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
3. Adeo Ressi, “What’s Holding us Back? A Case For Standards”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
4. Paul Heydon, “What is the Holy Grail in Online Games”, *Casual Connect Magazine*, Summer 2007, pg 26, <http://mag.casualconnect.org/>.



Females 35 - 49 are the biggest spenders on Club Pogo

Persons over 50 spend the most time on Club Pogo



< Club Pogo's community features include Minis, popular avatars pictured to the left which have contributed to its users averaging over 12 hours of play each week.

Business of Casual

Business Model: Trial-to-Purchase

Trial-to-Purchase is the de facto monetization method of online casual games. While many other methods bring in significant revenue, historically this is how royalties to developers were calculated, hence the high level of attention inside the industry.

Games are downloaded using a web browser or a console browser such as Xbox LIVE Arcade. Consumers are allowed to play these games for a limited trial period, typically 60 minutes for online games, and feature limitations for console games. After the trial has

Online casual games have monetized a demographic who would have never purchased games. The trial has served as an important re-education counteracting stereotypes of the enthusiast hard core gamer

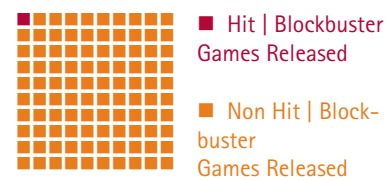
expired, consumers may purchase the game. Games sell between \$5 and \$30—those with longer trials and from premiere studios sell on the upper end, those with shorter trials or lower production values on the lower end.

Many portals offer the consumer an option to continue playing with high-CPM embedded advertisements. One important note is that just because consumers do not purchase a game

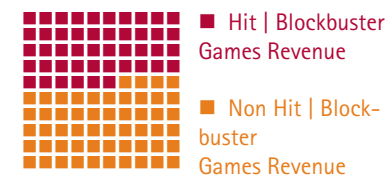
after a 60 minute trial, does not mean that these are “lost revenue opportunities”. Much to the contrary, because consumers spend so much time with each game—they will want to make sure they have the perfect game for them before purchasing. Furthermore, many of the non-paying consumers are younger and thus do not have the disposable income, but when they do they will turn into paying customers.

Game Performance ¹	Launch Position	Average Time in Top 10	Revenue Multiplier	Trial-to-Purchase Consumer Spend
Blockbuster	# 1	100 weeks	20 x	\$ 10 million
Hit	# 1, 2	20 weeks	8 x	\$ 4 million
Good	# 3, 4, 5	8 weeks	4 x	\$ 2 million
Above Average	# 6, 7, 8	5 weeks	1 x	\$ 500,000
Average	# 9, 10	2 weeks		\$ 100,000

Games Released



Game Revenue

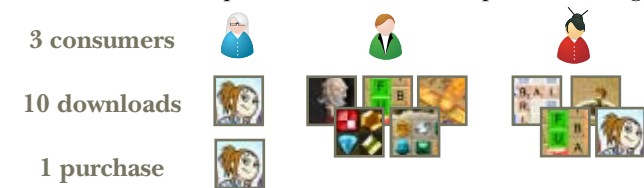


In a hit driven business, it is not wise to release products before adequate usability & user testing

5 : 1
Ratio at which a “top tier” production studio with a past hit will release another hit

THE 2% Myth

Online casual games have only a 1 - 4 percent conversion rate of consumers buying the game after the trial. While this is technically true, most casual game players download multiple games. To understand this distinction, let's assume 10 games were downloaded by 3 consumers and 1 purchase resulted, this would be a 10 percent conversion rate. However, this would also mean that 30 percent of consumers purchased a game.



*3 happy consumers
10% conversion of trial to purchase
30% of consumers purchased a game*

More Information

1. Tony Leamer, “The Long Tail”, *Casual Games Magazine*, Winter 2007, pg 24, <http://mag.casualconnect.org/>.
2. Erik Goossens, “Games Selection”, *Casual Games Magazine*, Summer 2007, pg 13, <http://mag.casualconnect.org/>.
3. Michael Mei, “Turning Demos into Sales”, *Casual Games Magazine*, Summer 2006, <http://mag.casualconnect.org/>.
4. “Try and Buy Isn't Dead”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.

1. All statistics on this page are reported directly to the CGA by major online portals and top tier developers. Because of limited distribution, Top 10 lists and revenue are becoming increasingly independent. Average time on the Top 10 should be used as a guide, not a rule.

Business of Casual

Business Model: Advertising Supported

Consumers visit online destinations that offer casual video games which they may play directly within their web browsers or online application. Games may be singleplayer or played with other consumers online in a multiplayer arrangement.

Online web games are created by either professionals or are user-generated. Those created by professionals are sometimes pared-down versions of more fully-featured games used to upsell a more fully featured trial-to-purchase version.

Those produced by users are normally created and shared “just for fun”, although many online portals have recently begun rewarding the creator

Advertising supported web games offer an easy and non-committal way for consumers to become acquainted with games

by sharing advertising revenue.

Consumers may play the games online for free—for as long as they want. Large portals with their well-established consumer bases have the most success with advertising supported web games; those most popular with consumers include Yahoo! Games and MSN Games. Websites popular for user generated web games include AddictingGames, New Grounds and MiniClip.

Since there is no download required, there is little risk that a consumer will inadvertently download malicious software such as spy-ware or ad-ware.

Because of this high level of comfort, many new to casual games will play solely online to avoid spy-ware and ad-ware.

Unfortunately, professionals inside the space often marginalize and take for granted the importance and impact of this wide-reaching, consumer-friendly distribution and monetization method. Because of this, they do not always ensure they receive adequate revenue sharing on the web version of their online casual games.

Advertising supported online offerings

	unique users	demographics
AddictingGames	23 million	70% under 18
Neopets	12 million	50% under 18
New Grounds	500,000/day	tweens & teens
Kongregate	1 million	50% under 21 90% under 35
Microsoft LIVE Messenger	13 million	90% under 35
Miniclip	34 million	tweens & teens



^ Users playing advertising supported web games are more likely to be male and are significantly younger than other online casual gamers. *source: Self-Reported*

^ Microsoft LIVE Messenger offers online games to over 13 million players each month. Titles range from card & board games to multiplayer games.

More Information

1. For more information from Shockwave, Microsoft and RealNetworks about advertising strategies: CGA Advertising Group, “Beyond Downloads”, *Casual Connect Magazine*, Winter 2007, pg 20, <http://mag.casualconnect.org/>.
2. A look into creating more content than will fit into the industry's rigid Top 10 lists: Tony Leamer, “The Long Tail”, *Casual Connect Magazine*, Winter 2007, pg 24, <http://mag.casualconnect.org/>.
3. Overview of one Microsoft's casual offerings including advertising which they share revenue with developers: Andy Peterson, “Services Drive Gaming's Future”, *Casual Connect Magazine*, Summer 2007, pg 8, <http://mag.casualconnect.org/>.
4. Teens & Tweens are more likely to play on advertising driven websites: Kate Connally, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, “Teens & Tweens”, *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.

1. Casual games sites—which often represent just a portion of a larger portal—often generate the majority of their revenue from advertising. Shockwave has long shared advertising revenue with developers, Microsoft and RealNetworks announced they would begin sharing advertising revenue at CGA's conference in Seattle in June 2006.

Business of Casual

Business Model: Mobile

Mobile phone games are typically downloaded from the mobile “deck” or are pre-installed on mobile phones. Consumers may purchase downloaded games based either on a one-time fee, a monthly subscription, or as a pay for play arrangement.

The potential for mobile distribution is high as penetration of mobile phones is also high—nearly every consumer in many parts of Asia, Europe and North America have mobile phones. Additionally, consumers in developing countries will acquire a mobile phone before more expensive gaming platforms or personal computers.

Mobile phones are well suited to delivering casual games to consumers at moments—while on the train or in a waiting room, for example—when they are likely to have time and be open to playing games.

While mobile phones are suited to delivering content easily—they are often not ideal for playing games—the small screen and small buttons can be

Mobile handsets are one of many distribution platforms for casual games

difficult for many consumers. However it is this small form factor which many consumers find appealing—because it allows them to play games without bothering others around them. Like when the family is watching television or right before falling asleep in bed.

The mobile industry has been shaking off a bad name recently, early mobile game offerings were often marketed poorly with consumers purchasing games based solely on a cryptic description—without the benefit of a free trial demo. Post dot-com crash speculation coupled with inconsistent merchandising of the carrier decks caused consolidation and limited the

number of smaller developers able to compete in the market.

As demonstrated with the strong launch of Bejeweled, Jewel Quest and more recently Diner Dash, the mobile market has emerged as an important revenue source for casual game developers and publishers.

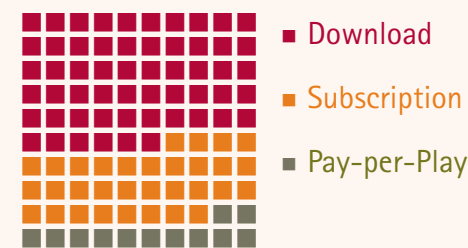
Mobile platforms have the possibility to enjoy strong growth as consumers rediscover mobile games; this can be observed through the excellent customer satisfaction that high quality casual games enjoy on mobile platforms and the influx of consumer behavior information that the casual industry brings to game merchandising.

Card, puzzle, and board casual games represent nearly half of the Top 10 games on mobile phones but only 28% of the games offered on operators’ decks¹

Global Market Share¹



Worldwide Mobile Transaction Types¹



Profitable publishers have eight times the original IP in their portfolio as un-profitable publishers

Typical Operator & Publisher Revenue Split¹



source: Screen Digest

1. For more information on mobile games, to ask permission to use the data or to purchase a full report on Mobile Games, contact Piers Harding-Rolls at Screen Digest <http://www.screendigest.com/>, +44 (0)20 7424 2820.

Business of Casual

Business Model: Microtransactions

Microtransactions are big business. The concept is familiar to most businesses: small charges are a very effective way to generate money from consumers. It is what makes McDonald’s “Super Size Me” so effective: consumers are more likely to add just a little bit more—than to purchase two items.

Consumers download or purchase at retail a game which features the option for them to purchase gameplay items for a small (micro) amount of money (payments/transactions). Consumers have the opportunity to purchase items inside of the game, which enables them to increase the pleasure of the game experience.

In-game items for purchase may serve both decorative and functional purposes. Common items available for purchase include power-ups, more powerful game-play objects and adornments for characters. Consumers typically accumulate virtual currency in two ways: Virtual currency can be “earned” based on time and/or performance within the game, or it can be “purchased” using real money.

Players who do not have large amounts of time to “invest” in a game may advance more quickly by purchasing skill rather than earning it. As a result, such players will stay engaged in the game longer than they would otherwise. In a way, this allows consumers to make a game

Korea, one of the largest markets for casual games with microtransactions, has a nearly 75% internet broadband penetration rate² with 46 mbps average internet broadband speed. 1.5 mbps is considered broadband in the USA

more or less casual depending on their desired play style.

Since the game is typically given away for free, piracy is not an issue. In the Western markets, online music and ringtones have made many consumers familiar with the idea of micropayments—and with strong investment into casual MMO’s in 2007, we expect to see a maturation of the market in Western markets in 2008 and 2009.

The lion’s share of the revenue for Asian publishers is through microtransactions. According to Pearl Research¹, ten online game publishers in Asia crossed the \$100 million revenue mark in 2006, a huge milestone for the industry.

These companies include:

China: Shanda, Netease, The9

Korea: Nexon, NC Soft, CJ Internet, NHN, Neowiz

Taiwan: Soft-World, Gamania

Microtransactions were originally launched as a way to avoid rampant piracy in Asia and Russia. While the Asian market has benefited from high broadband penetration rates, the Russian market has been slower to develop, but has the same dominance in the online market. While Eastern Europe and Russian online downloadable casual games generate \$10 million in yearly revenue, the online microtransaction market generates over \$24 million mainly from IT Territory’s offerings.³

Microtransaction Offering	Primary Markets
Maplestory, Nexon	Korea, USA
Kart Rider, Nexon	Korea, China
Hangame, NHN	Korea, Japan, North America
Diner Dash, PlayFirst	North America, Western Europe
QQ Games, Tencent	China
Ourgames	China
IT Territory	Russia
ClubPogo, Electronic Arts	North America, Western Europe

More Information

1. Paul Heydon, “What is the Holy Grail in Online Games?”, *Casual Connect Magazine*, Summer 2007, p26, <http://mag.casualconnect.org/>.
2. Erik Bethke, “Path from Online Game to a World”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
3. Whon Namkong, “Will free-to-play, item-buy games find a hold here in the US casual games market?”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
4. “Try and Buy Isn’t Dead”, *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.

1. For more information on the Asian microtransaction market or to ask permission to use the data or to purchase a full report, please contact Pearl Research at research@pearlresearch.com or call 415-738-7660.

2. According to the Korea Ministry of Information and Communications as of June 2007, provided by Pearl Research.

3. From data reported directly to the Casual Games Association by major portals in Eastern Europe & Russia.

Business of Casual

Business Model: Retail Boxes

The casual retail consumer experience is similar to the stereotypical game purchasing experience where consumers view a large display at a brick-and-mortar retail store such as Wal-Mart, Target or Best Buy.

Single titles typically sell for \$5 to \$35 and are offered for PC platform, Mac, DS, Wii, PSP, PS2, PS3, Xbox. Sometimes aging titles or those with lower production values are aggregated and offered together as collections.

Distributors typically rely on data from online retailers to direct their merchandising decisions for PC casual games. Since online data is often indicative of consumer satisfaction of a title, such data determine both which products to offer and how much shelf-space to allocate to each title.

Retail games with broad appeal include card and board games as well as titles you can also download from a casual games portal (such as Diner Dash, Bejeweled or Solitaire).

Developers report an additional 10% in revenue from offering their trial-to-purchase games to brick-and-mortar retailers

Although some potential customers never venture down the game aisle, it is very easy for consumers to process a large amount of games and categories of games for those that do. Hundreds of games are easily displayed on a shelf, whereas an online storefront might only show at most a couple dozen options on-screen at a time.

More Information

1. Mark Cottam, Miguel Oliveira, "Merchandising at Retail", *Casual Connect Magazine*, Summer 2007, pg 32, <http://mag.casualconnect.org/>.

2. Erik Goossens, "Games Selection, What's The Right Balance?", *Casual Connect Magazine*, Summer 2007, pg 13, <http://mag.casualconnect.org/>.

3. Mark Cottam, Paul Jensen, "Monetization Across the Value Chain", *Casual Connect Magazine*, Winter 2007, pg 12, <http://mag.casualconnect.org/>.

4. Scott Steinberg, "Wii For Victory", *Casual Connect Magazine*, Winter 2007, pg 23, <http://mag.casualconnect.org/>.

1. From data reported directly to the CGA by a retail publisher. Data considered reliable for illustrative purposes, but may not be accurate in all cases for all distributors, retailers or platforms.

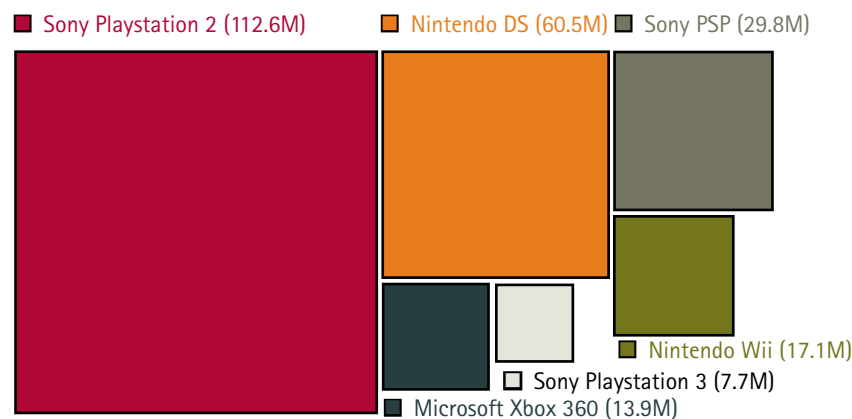
Because consumers cannot try a game before buying and retailers typically do not offer ratings of each product alongside boxes, consumer satisfaction is difficult to gauge and the most enjoyable products are not always the best selling products

Keep in mind though that the lower development costs for casual games also come with lower price points than their hard-core counterparts, while maintaining many of the same costs associated with retail. In fact, many casual companies have chosen to focus solely on online distribution due to of the high costs associated with retail. Which also be paid in advance, before any revenue has actually been realized.

Typical Expenditures Associated With Retail Distribution¹

	Retail Price	\$19.99
Add:	Retailer's Cut	30%
Add:	Box Disc	\$ 3
Add:	Fulfillment	\$ 3
Add:	Marketing	\$ 2
Do the math:		\$8.00 + \$19.99 x 30%
To Content Creators		\$ 6.00

2007 Video Game Console Install Base²



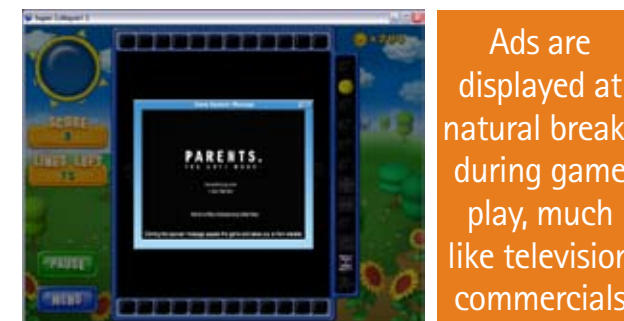
[^] By the end of 2007, Screen Digest estimates there will be a total of 241.6 million consoles sold which are actively supported by manufacturers. Screen Digest estimates there are 60 million households with video game consoles.

Business of Casual

Business Model: In-Game Advertising & Advergaming

In-game advertising: Consumers play games which pause periodically (between levels, for example) to run advertisements—much in the same way that advertising runs between segments of a network television show.

Often in-game advertising offers a high-CPM advertising experience in the form of exclusive screen-time movies—because of the high CPM, consumers are then able to enjoy longer trial periods for premium products and in some arrangements, the premium products are entirely free.



Consumers have reacted very positively to initial offerings of in-game advertising for casual games. Additionally, gamers report high recall compared to the in-game product-placement advertising favored by core game publishers. (In contrast, numerous studies indicate that core gamers' recall and recognition of in-game ads—which typically appear on posters and billboards within the core games—are surprisingly low.)

"Advertising when done right, is changing the revenue model for developers. In-game, video streaming ads placed in natural breaks to the games are increasing some developers revenue-per-game-played threefold, and game players are embracing the ads because they are getting unlimited free play on our network." Rob Glaser, CEO, RealNetworks²

More Information

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2. Rob Glaser, "CGA Seattle 2006 Keynote", *Casual Games Association's Conference June 2006*.
3. Jamie Monberg, "Putting the Brand into Interactive", *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
4. Kate Connolly, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, "Teens & Tweens", *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
5. Brian Robbins, "Casual Games are not Just Downloads", *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.
6. Search for Sneak King, Eat Like A Snake and Subservient Chicken on YouTube, it won't disappoint.

1. Sneak King facts are from corporate Burger King press releases.

Advergaming is typically free or nearly free for the consumer—the brand owner pays for the majority of the development and distribution of the game title. If the product is designed properly, the game and brand are well integrated and related, providing high-engagement exposure for the brand. Partnerships between brands and developers can be quite symbiotic: The developer gets funding and a well-known brand name for its product, and the brand gets exposure to consumers through an unconventional medium.

Advergaming is a tricky business for both the developer and the brand owner as advergaming can be expensive to create and market and the general effectiveness at building brand awareness is largely unproven—there is not a lot of evidence that typical advergaming has a significant impact on product sales.

Burger King's "Sneak King" – A Success Story¹

The most well known and successful advergaming to date might be Burger King's "Sneak King."

In November, 2006, Burger King released branded video games for Xbox/Xbox 360. By the end of December 2006, Burger King announced a 41 percent increase in its second-quarter fiscal year net income, which was attributed to the immense popularity of its cheap, branded Xbox 360 games—which sold well over 3.2 million copies. Net Income leapt from \$27 million to \$38 million.



[^] Burger King released three insanely popular advergaming in November 2006. The Sneak King targeted 18 - 35 year olds was invented to help revive the BK brand. For more information visit: <http://www.bkgamer.com/SneakKing.aspx>, click "trailer".

Big Fish Games

1501 4th Ave
Seattle, WA 98101

<http://www.bigfishgames.com/>
s-bigfishgames@casualconnect.org

company

Founded: 1 March 2002 Paul Thelen
Employees: 200 up 68% from 119 in 2006
Acquisitions: 6 January 2006 FunPause EURL, French casual game developer
Funding: 1 March 2002 \$10,000, Paul Thelen
2005 \$ 3.7 million, angel investment
2 December 2005 \$ 5 million, angel investment

content

Big Fish Games is known for progressive publishing and distribution agreements with developers, with a focus on mentorship and open knowledge exchange about preferences of consumers and distribution portals, helping developers create high quality products. Stable and close partnerships with casual games websites allow Big Fish Games to distribute casual game content to most of the large game distribution portals on the Internet.

Content Developer | Mystery Case Files

Mystery Case Files took 2006 by storm, defining a new genre of games inside of the casual games space. Five sequels and extensions of the core game play mechanic have launched in 2006 and 2007 including Hidden Expedition and Travelogue 360.

Content Publisher | Virtual Villagers, Fish Tycoon

Virtual Villagers and Fish Tycoon were developed by Last Day of Work, an independent California developer, and published by Big Fish Games. Virtual Villagers and Fish Tycoon were genre defining casual games which topped the charts in 2006 and 2007.

distribution

Online Distributor | www.bigfishgames.com, My Game Space & Principal Network Partners

Big Fish Games uses extensive online marketing campaigns to attract users to play web based free online games monetized by advertising and 60 minute trial to purchase downloadable games which are sold individually for \$19.99 or in groups of 6 for \$47.94 and 12 for \$83.88.

www.bigfishgames.com has existing partnerships with 400 developers, a catalogue of more than 1,000 games and releases over 350 games a year to 25 million unique users. The majority of revenue from www.bigfishgames.com is through content purchased by consumers which has high per-user revenue which has resulted in www.bigfishgames.com becoming one of the most popular websites for initial exclusive distribution arrangements.

Unique Users	25 million unique users per month
Downloads	over 750,000 downloads each day, up 150% from 2006

our take

Big Fish Games has consistently delivered innovative creative products and expertly executed business and distribution offerings which has afforded them explosive organic growth with minimal outside funding. In June 2006, Jeremy Lewis was hired as President and COO (appointed to CEO in October of 2007) signifying an era of acceptance of casual games by the mainstream financial industry.

more information

Paul Thelen, "Don't Let The Competition Eat You For Lunch", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
Paul Thelen, "Bringing Your Games To Market", *Casual Connect Magazine*, Winter 2007, pg 7. <http://mag.casualconnect.org/>.
Paul Thelen & Mark Robben, "Surviving a Hit Driven Market", *Casual Connect Magazine*, Fall 2007. <http://mag.casualconnect.org/>.
Joel Brodie, "Interview with Paul Thelen". http://www.gamezebo.com/2007/cga_report.html/.
Joel Brodie, "Interview with Paul Thelen", *Casual Connect Seattle 2007*. http://www.gamezebo.com/2007/cga_report.html/.
60 minute trials of BFG games available online: <http://www.bigfishgames.com/>.



Paul Thelen
Founder & Chairman



Mystery Case Files
from BFG Studios



Virtual Villagers
from Last Day of Work

Electronic Arts Casual Entertainment

<http://www.pogo.com/>
<http://www.eamobile.com/>

209 Redwood Shores Parkway
Redwood City, CA 94065

company

Key Dates: 1982 Electronic Arts founded
2 Sept 1999 Pogo.com launched from T.E. Network
March 2000 JAMDAT founded by Lahman, Norman, Murray, Lasky
5 June 2007 EA Casual Entertainment division formed
Acquisitions: 28 February 2001 Pogo.com for \$50 million (approx)
14 February 2006 JAMDAT for \$680 million
Employees: 140 Pogo, 400 EA Mobile
Nasdaq: ERTS

content

Content Developer | Online, Download

Over 20 games per year are developed internally for online web and download distributed in retail, on pogo.com and other major online portals. Pogo games are also popular on Xbox Live Arcade and Nintendo DS platforms.

Xbox Live Arcade games:	Boom Boom Rocket and Wing Commander Arena
Nintendo DS/Wii games:	Pogo Island, a compilation of five popular pogo.com games
Pogo web/download games:	The Poppit! Show, Word Whomp, Fairy Godmother Tycoon

Content Developer | Mobile

EA Mobile is the #1 mobile game publisher with a wide selection of sports, simulation, racing and puzzle games. Notable Mobile Games/Series: Bejeweled, Tetris, The Sims, Harry Potter, EA SPORTS Franchises

Content Developer | Licenses

Electronic Arts has a long history of successfully creating licensed products from top brands including a myriad of sports licenses under the EA SPORTS brand and Hasbro titles under the EA Casual Division.

distribution

Online Distributor | www.pogo.com, www.clubpogo.com

Users are attracted to pogo.com via free online games with about 5% of users joining Club Pogo for \$5.99/month, \$34.99/year for online play free of advertisements with community features including Minis (avatars), Gems (virtual currency), Badges (achievement boards) and chat rooms. Users may also purchase individual games via the Pogo To Go service for \$19.99. Pogo.com has a loyal and proud user base forming a strong community and referral network - more than 50% of all users have recommended at least 3 people to the service.

Unique Users	15.8 million unique users per month
Play Time	Pogo.com users average 7 hours per week online, Club Pogo users average 12 hours per week online
Club Pogo Subscribers	1.5 million subscribers, up 200% from July 2004. 90% of Club Pogo trials result in a full subscription
Virtual Currency	100 million Club Pogo Gems purchased within 8 months of launch
Paying Customers	75% Female, 77% over 35 years old
Playing Consumers	58% Female, 56% over 35 years old

our take

Two major developments this year have put EA in the spotlight: the official creation of EA Casual Entertainment which includes Pogo and EA Mobile headed by Kathy Vrabeck and the licensing of the Hasbro brand which has yet to see its full potential with electronic renditions. Given the great success of Pogo connecting with the casual consumer, we have high hopes for EA Casual Entertainment.

more information

Andrew Pedersen, "Portal Strategy", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
Andrew Pedersen, "PSP, DS, Wii, XBLA, Retail?", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
Joel Brodie, "Interview with Beatrice Spaine", *Casual Connect Seattle 2007*. http://www.gamezebo.com/2007/cga_report.html/.
EA Appoints Kathy Vrabeck as Head of EA Casual Entertainment. <http://www.info.ea.com/news/pr/pr880.pdf>.
EA's Club Pogo has sold over 100 million Virtual Gems. <http://www.info.ea.com/news/pr/pr1002.pdf>.
Online versions and 60 minute trials of Pogo's games can be found on their website: <http://www.pogo.com/>.

key employees



Kathy Vrabeck
President, EA Casual



Andrew Pedersen
Vice President, Pogo



Poppit!, an evergreen brand from Pogo.com



EA SPORTS PGA TOUR GOLF

King.com

62 Shaftesbury Avenue
London W1D6LT, UK

<http://www.king.com/>
s-king@casualconnect.org

company

Founded:	August 2003	Riccardo Zacconi, Toby Rowland
Employees:	60	UK, Germany, Sweden and Los Angeles
Funding/Exit:	September 2005	\$43 million (34€), Apax Partners & Index Ventures undisclosed, Klaus Hommels
Revenue:	2006	\$27.7 million, profitable

content

King.com's content follows three broad categories: custom themed games with broad demographic appeal, licensed pop properties and popular casual games. Because of security and customization requirements, games are developed by their studios in Stockholm, Sweden and Hamburg, Germany, King.com does not publish content.

Content Developer | Custom Games

Games with accessible themes such as goldfish, polar bears and gems integrated with simple and addictive gameplay representing 80% of available games are the cornerstone of the playing experience.

Content Publisher | Licensed Properties

While fewer, licensed properties compose a large percentage of the play time on King.com including pop licenses from NBC, Endemol, FremantleMedia: Black Widow Jeanette Lee, The Quiz Queen, American Idol, Deal or No Deal, and 1 vs 100. Pop licenses with demographics similar to the paying audience have proven very successful not only in continued interest from players, but from the initial boost in exposure when games are highlighted during primetime.

distribution

Online Distributor | www.king.com

King.com offers online games where users join a competition of skill submitting a small amount of money - the player who performs the best during the competition is awarded the pot minus a small administrative fee. Entry fees typically range from \$.50 to \$2.00 per game played. King.com's distribution network includes King.com and white label solutions for Yahoo!, Real Networks, Microsoft and Orange.

Play Time	8 million hours of play a month
Games Played	80 million a month
Reach	9 languages, 7 currencies
Customer Demographics	60% Female, 85% over 25 years old

King.com does not offer money tournaments in the states of Alaska, Arizona, Connecticut, Delaware, Florida, Illinois, Iowa, Louisiana, Maryland, Missouri, Montana, South Carolina, South Dakota, Tennessee, or Vermont.

our take

King.com has a slick interface, great community features and a solid handle on the casual games demographic.



founders



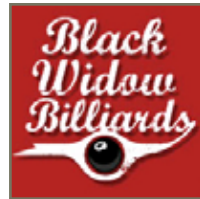
Riccardo Zacconi, co-Founder & Director



Toby Rowland, co-Founder & Director



Deal Or No Deal



Black Widow Jeanette Lee

microsoft casual games

Microsoft Casual Games

<http://microsoftcasualgames.com/>
s-microsoft@casualconnect.org

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052

company

Key Dates:	1975 1985 1990 1995 1996 2001 2004	Bill Gates and Paul Allen found Microsoft Games bundled with Microsoft Windows Solitaire bundled with Windows 3.0 Zone.com founded by Binkley and Im Microsoft Acquires Zone.com (now MSN Games) Zone.com launches Diamond Mine (Bejeweled) download Xbox LIVE Arcade Launches
Nasdaq:	MSFT	

content

Content Developer | Content Publisher

Microsoft has a large and active casual games publishing department across their platforms including MSN Games, Windows Live Messenger, Xbox LIVE Arcade and Games for Windows. Historically at Microsoft, internal game development has proven generally unsuccessful, but recently internally developed UNO sold more than 600K copies on Xbox LIVE Arcade and is also available for Web and Windows LIVE Messenger.

Content | Windows Operating System Games

Easily the largest step in bringing electronic casual games to consumers is when Microsoft bundled games with their operating system in 1985. **Solitaire is the #1 opened application on the Windows XP operating system, which has more than 400 million copies in use.**

- 1990 - DOS: Gorilla.bas and Nibbles.bas developed by Rick Raddatz (similar to Atari's 1977 Surround designed by Alan Miller)
- 1990 - Windows 3.0: Solitaire developed by Wes Cherry and Susan Kare, Minesweeper, and Hearts
- 2006 - Windows Vista: In addition to Solitaire, Minesweeper and Hearts, four games are added including Chess and Mahjong

distribution

Online Distributor | MSN Games, games.msn.com

One of the largest online retailers for casual games with more than 14 million unique users per month, MSN Games offers over 600 free casual single player and multiplayer games, downloadable games and premium multiplayer games with badges, forums and matchmaking. User demographics: 70% female, 56% over the age of 35.

Online Distributor | Windows Live Messenger, games.msn.com/messenger

Over 13 million unique users play two dozen high quality multiplayer casual games which are integrated directly into messaging client. User demographics: 60% female, 10% over the age of 35, 20% inside USA. Revenue: Advertising 100%

Online Distributor | Xbox LIVE Arcade, xbox.com/livearcade

While we have had an inkling that "hard-core gamers" were playing casual games online (and not purchasing them) - Xbox LIVE Arcade verified hard-core gamers do play casual games. With no freebie play and short trial periods, conversion rates average at approximately 18% - product is flying off the virtual shelves. Xbox LIVE has more than 10 million paying users.

our take

Microsoft Casual Games reaches more than 125 million users each month and has been responsible for more major milestone developments in the casual games space than any other single company. 27 years of bringing casual games to millions of consumers along with an impressive holding of casual games properties puts Microsoft squarely in line to continue their success.

more information

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- Scott Austin, "State of Advertising 2007", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
- Marc Whitten, "Future of Casual Games", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
- Chris Early & Scott Austin, "Beyond Downloads", *Casual Connect Magazine*, Winter 2007, pg 20. <http://mag.casualconnect.org/>.
- Joel Brodie, "Interview with Joshua Howard, Carbonated Games". http://www.gamezebo.com/2007/cga_report.html.
- Ethan Clark, "Developing For Xbox LIVE Arcade", *Casual Connect Magazine*, Summer 2006, pg 12. <http://mag.casualconnect.org/>.

Nickelodeon Kids and Family Group, MTV Networks

1515 Broadway
New York, NY 10036

<http://www.nick.com/>
<http://www.Neopets.com/>
<http://www.nickjr.com/>
<http://www.the-n.com/>

<http://www.shockwave.com/>
<http://www.addictinggames.com/>
<http://www.noggin.com/>



company

Key Dates:

15 Nov 1999	Neopets.com website launched
15 Jan 2001	AtomFilms and Shockwave.com merge
1 July 2005	Nick Arcade relaunched
20 Jun 2005	Neopets, Inc acquired for \$160 million
2 Nov 2005	AtomShockwave acquired AddictingGames
5 Jan 2006	Nick.com's launch of New Game of the Week Franchise
9 Aug 2006	Atom Entertainment, Inc acquired for \$200 million
30 Jan 2007	Nicktropolis launched

Nasdaq: VIAB (Viacom Inc)

community | products

Online Distributor | Nick.com

Nick.com, Nickelodeon's online destination for kids, features over 300 free web games starring characters from kids' favorite Nick shows. The site's New Game of the week franchise adds to that offering with a new game release every week. Nickelodeon also offers premium downloadable games for kids at NickArcade.com.

Online Distributor | NickJr.com

NickJr.com is the online place where parents introduce preschool kids to the web and tap into the power of Nick Jr.'s characters. NickJr.com's Playtime features more games than any other preschool site as well as the first broadband video player for preschoolers. Nick Jr. also offers premium downloadable games at NickJrArcade.com.

Online Distributor | NOGGIN.com

NOGGIN.com offers free educational games for preschoolers starring characters from NOGGIN's original programming as well popular Nick Jr. shows. New from the creators of Nick Jr. and NOGGIN is myNOGGIN.com, a premium ad-free, educational online subscription service designed for preschoolers through first graders.

Online Distributor | The-N.com

The Emmy-award-winning The-N.com is the first network web site to provide teens the ability to create mash-ups, watch, comment on and share content from their favorite shows with all of their friends anywhere, anytime of day. The-N.com focuses on social games for teen girls. In 2008, The-N.com will partner with AddictingGames to produce The-NGames.com, the first major casual gaming site to focus solely on teen girls.

our take

Nickelodeon Kids and Family Group has an expansive footprint in gaming through a diverse portfolio of online casual gaming, console-based and handheld games. The company's portfolio of online casual gaming properties, which generate almost 1 billion game plays per month from audiences ranging from kids to adults, include Neopets, Nick.com, Nickjr.com, Shockwave, Nick Arcade, AddictingGames and many more.

more information

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Kate Connolly, Kyra Reppen, "Teens & Tweens", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
Shaul Olmert, "Try & Buy Isn't Dead", *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.

MumboJumbo

<http://www.mumbojumbo.com/>
s-mumbojumbo@casualconnect.org

2019 N Lamar St Ste 300
Dallas, Texas 75202



company

Founded: 2001 Mark Cottam and Ron Dimant
Employees: 90
Acquisitions: January 2006 Zono, Los Angeles, California
24 January 2007 Ritual Entertainment, Dallas, Texas
31 July 2007 Hot Lava, Vladivostok, Russia

content

Content Developer | LUXOR

The LUXOR Franchise is one of the better followups to Puzz Loop (aka Ballistic, an action-arcade game popular in 1998-1999). The key mechanic of match-three game play has proven to be one of the most popular gameplay mechanics in the resurrection of casual games on the PC. The LUXOR series was the best selling casual game of 2005 on most online portals with over 50 million downloads.

Content Publisher

Because of the founder's background in the core gaming market, MumboJumbo has resources to publish casual games across multiple platforms including PC, Mac, Xbox 360, PSP (PlayStation Portable), PlayStation 2 & PlayStation 3, Windows LIVE Messenger, PDAs, cell phones, Xbox LIVE Arcade, the Nintendo DS and Nintendo Wii.

MumboJumbo is also an online publisher of premium casual games, maintaining strong relationships with some of the top online gaming sites in the world including MSN Games, Yahoo! Games and RealArcade.

distribution

Retail Distributor

MumboJumbo played a pivotal role in re-opening the retail market for casual games developed in North America and Western Europe. In early 2000, retail shelf space for "hard-core" PC games was shrinking - and through the efforts of MumboJumbo much of this shelf space was set aside for casual games. MumboJumbo always used content they knew would appeal to the consumer by taking titles that had performed well on online retailers.

MumboJumbo successfully reserved shelf space for casual games by directly partnering with leading mass merchants, computer retailers and specialty outlets such as Best Buy, GameStop™, SAM'S CLUB, Target and Wal-mart.

our take

North American and European content creators and publishers owe MumboJumbo for paving the way with retail in the United States and Europe. Because MumboJumbo was good about pushing high quality content, retailers have become open to casual games content on their shelves. Now that other players have entered the retail market, it is unknown if MumboJumbo's large market share will continue.

more information

Mark Cottam, MC for all sessions: July 17 Taper Aud, July 18 Recital Hall, *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.
Mark Cottam, "Merchandizing at Retail", *Casual Connect Magazine*, Summer 2007, pg 32. <http://mag.casualconnect.org/>.
Ethan Clark, "Monetization Across the Value Chain, an Interview with Mark Cottam", *Casual Connect Magazine*, Winter 2007, pg 12. <http://mag.casualconnect.org/>.

founders



Mark Cottam
co-Founder & President



Ron Dimant
co-Founder & CEO

∇ LUXOR franchise with over 50 million downloads



^ LUXOR for the PSP

< Charlotte's Web, in partnership with Nickelodeon, one of the first casual games with a television marketing campaign

Oberon Media

One Penn Plaza, Suite 4100
New York, NY 10119
http://www.oberon-media.com/
s-oberonmedia@casualconnect.org



company

Founded: 2003
Oberon Media founded by Tal Kerret, Tomer Ben-Kiki, Ofer Leidner, and Jane Jensen

Acquisitions: 15 Jan 2001
Cmate SA, mobile game developer and technology
21 Nov 2006
Blaze Mobile, mobile game developer and technology
17 July 2007
PixelPlay, Interactive TV developer and distributor
31 May 2007
I-play, mobile game publisher
17 Oct 2007
Kenjitsu, casual game development studio, St Petersburg
17 Oct 2007
Friends Games, casual game developer, Rivne, Ukraine

Funding/Exit: June 2006 & 2007
Goldman Sachs, Morgan Stanley, Oak Investment and many other high profile investors

Employees: 500+

content

Content Publisher | Magic Match, Xbox LIVE Arcade, Saints and Sinners Bingo and MS Vista Games

Oberon Games published of 19 of the 27 original titles for Xbox LIVE Arcade launched in 2004 including Bejeweled, Zuma, Feeding Frenzy, Super Collapse II, Marble Blast and Ricochet Lost Worlds. Following the success of the Xbox Live Arcade titles, Microsoft contracted Oberon to create the bundled games for Windows Vista adding Chess and Mahjong.

The Oberon Games Publishing group quickly followed the launch of the Xbox Live Arcade titles with the strong selling titles Saints and Sinners Bingo (March 2005), developed by Large Animal Games and Magic Match (December 2005) developed by Codeminion.

Content Developer | Inspector Parker, Dream Day Wedding, Agatha Christie: Death on the Nile

Inspector Parker (October 2004) and BeTrapped! (March 2005) were Oberon's first game releases. Designed by Jane Jensen both games proved great successes. Jane's more recent projects include Agatha Christie: Death on the Nile (April 2007) a seek and find game based on the classic Agatha Christie novel. The Dream Day Wedding Series (February 2007) designed by Cara Ely also proved a huge hit with 30 million downloads for the hidden object games Dream Day Wedding and Dream Day Honeymoon.

Content Publisher | Mobile

I-play publishes games for mobile phones and works with a broad range of content partners and sales channels. Mobile content includes The Fast and The Furious and iWin Games' Jewel Quest and Mahjong Quest. I-play also works with top media and entertainment brands, including Twentieth Century Fox, Universal Pictures, World Rally Championship, Warner Bros., and BBC Worldwide, as well as leading publishers of both console and online games.

distribution

Online Distributor | In-Browser & Download White Label

global, integrated casual-games solutions across online, mobile and interactive TV platforms, following its recent acquisitions of I-play and PixelPlay, respective leaders in the mobile games and iTV casual games markets. Oberon provides white label turn-key casual game solutions through the Oberon Game Center platform which has been adopted by some of the world's largest corporations including Microsoft, Comcast, Verizon, Electronic Arts, MySpace, France Telecom and NHN. The platform combines casual-game content, merchandising and features to fulfill each partner's specific needs. This includes advertising-sponsored online, multi-player games, and community-driven game experiences as well as traditional downloadable casual game offerings. Multilingual solutions are available in English, German, French, Italian, Spanish, Dutch, Danish, Swedish, Japanese, Chinese (Traditional & Simplified), and Korean.

our take

500 employees makes Oberon Media the largest independent casual game company in the world. With aggressive fund raising and business expansion, Oberon Media is quickly becoming the most prominent multi-platform casual games company.

more information

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David Nixon, "Brainstorming", *Casual Connect Magazine*, Fall 2007, http://mag.casualconnect.org/.
Tony Leamer, "The Long Tail", *Casual Connect Magazine*, Winter 2007, pg 20, http://mag.casualconnect.org/.
Ethan Clark, "Core Values of the Casual Industry, interview with Scott Bilas", *Casual Connect Magazine*, Fall 2006, pg 12.



RealNetworks

http://www.realn networks.com/
s-real@casualconnect.org

2601 Elliott Avenue
Seattle, WA 98121

company

Founded: 1999
Rob Glaser

Employees: 300 in games
over 2,000 total staff at Real

Acquisitions: January 2004
\$35.6 million GameHouse: Developer & publisher
May 11, 2005
\$15 million Mr.Goodliving: Mobile distributor & developer
February 2006
\$21 million Zylom: European distributor & developer
November 2006
Atrativa: Latin America distributor
September 2007
GameTrust: Community services

Nasdaq: RNWK

content

Content Developer

When Real acquired GameHouse in 2004, GameHouse was a leading content developer - two years later Real acquired Zylom which in addition to distribution and localization services also created first and second party content. These two acquisitions have enabled Real to own a steady stream of casual game content for distribution on their websites and via distribution partners.

High Profile IP: Hasbro and Mattel licence their properties for casual game development overseen by Real including Scrabble, Monopoly, UNO.

First Party: GameHouse and Zylom have directly created content such as Super Collapse!, Little Shop of Treasures, Delicious Deluxe, TextTwist and Puzzle Inlay.

Content Publisher

Real has an active game publishing department with general strong results including games: Tropix, Sally's Salon, Burger Rush, Mysteryville & Mortimer Becket and the Secrets of Spooky Manor.

distribution

Online Distributor | realarcade.com, gamehouse.com, zylom.com, atrativa.com

Online Distribution Partners | AOL, MSN, Lifetime

In May 2001 Real launched RealArcade, software installed on users machines enabling them to download game content. Most games are less than 25MB and the users are given a variety of ways to play: free 60 minute trials before purchase for \$19.95 or \$9.99 with subscription, in-game rich media ads appear in some games during gameplay or playing of limited versions with banner ads.

Unique Users 40 million unique users per month, 750,000 downloads each day
Paying Customers 75% Female, 67% over 35 years old
Playing Consumers 53% Female, 71% over 35 years old

our take

RealArcade was the largest online retailer of casual games at the time of the strategic purchases of GameHouse and Zylom - this has enabled Real to control significant properties in both content development and distribution in North America and Europe. Growth by acquisition is an effective way to build out business models, but is a strain on company culture - we have yet to see how these will pan out in the long term.

more information

Corporate Press Releases: www.realn networks.com/company/press/index.html.
Erik Goossens, "Games Selection, What's The Right Balance?", *Casual Connect Magazine*, Summer 2007, pg 13, http://mag.casualconnect.org/.
Chris Houtzer, Daniel Prigg, "Beyond Downloads", *Casual Connect Magazine*, Winter 2007, pg 21, http://mag.casualconnect.org/.
Michel Maas, Cover Illustration and About the Cover, *Casual Connect Magazine*, Winter 2007, http://mag.casualconnect.org/.
David Dunham, "Secrets of Casual Game Development", *Casual Connect Seattle 2007*, http://podcasts.casualconnect.org/.
Garrett Link, "Where Did We Come From", Podcast and Presentation, *Casual Connect Seattle 2007*, http://podcasts.casualconnect.org/.
"Portal Review", Podcast and Presentation, *Casual Connect Seattle 2007*, http://podcasts.casualconnect.org/.

key employees

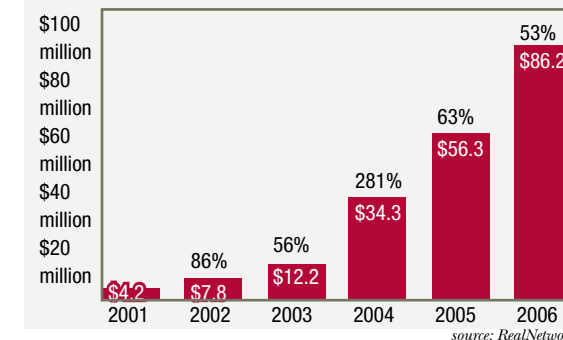


^ Garrett Link accepting Award for Super Collapse III
^ Erik Goossens & Rutger Peters co-founders of Zylom

∇ Rob Glaser announces advertising revenue sharing
∇ Daniel Prigg and Jeremy Snook in Kyiv, Ukraine



Revenue & Yearly Growth



Activision

<http://www.activision.com/>

s-activision@casualconnect.org

Headquartered in Santa Monica, California, Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment and leisure products. Founded in 1979, Activision posted net revenues of \$1.5 billion for the fiscal year ended March 31, 2007. Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Ireland, Italy, Scandinavia, Spain, the Netherlands, Australia, Japan and South Korea. Activision is a leading publisher and distributor of casual games into retail locations.

Alawar Entertainment

<http://www.alawargroup.com/>, <http://www.alawar.com/>

s-alawar@casualconnect.org

Alawar Entertainment has specialized in the development, publishing and distribution of casual games since 1999. The company has published more than 150 titles, won fans all over the world and is the biggest provider of casual games in Eastern Europe. Many of Alawar's releases, including the Magic Ball series, Stand o' Food and The Treasures of Montezuma, are among the most popular offerings online. Today, Alawar works with more than 50 developers, providing a full range of services that includes production, distribution and marketing for their titles. The company also develops its own games through three internal studios: Alawar Stargaze, Alawar DreamDale and Alawar gameSTUDIO.

Alawar distributes its offerings via its exclusive network of Websites (www.alawar.com, www.alawar.ru and www.gamextazy.com) and an end-user application that provides free downloads and product updates (Alawar GameBox). The company's releases can also be found on the Websites of numerous online portals, including RealNetworks, Oberon Media, Big Fish, Yahoo! Games, AOL, Reflexive, iWIN, Boonty, PlayFirst, Shockwave and others. Alawar NewEdge Mobile provides content for the portable gaming market, while many of the company's offerings have made their way onto cable set-top boxes.



Alexander Lyskovsky
Founder & President

Sergey Zanin
Founder & VP

Employees: 92 Eastern Europe, 3 North America

In-house studios: Alawar DreamDale, Alawar Stargaze, Alawar gameSTUDIO

Mobile games: Alawar NewEdge Mobile

Funding: In August 2007, Finam Investment Holding, one of the largest investment firms in the Russian Federation, acquired a minority stake in Alawar Entertainment, Inc.

Arkadium

<http://www.arkadium.com/>

s-arkadium@casualconnect.org

Founded in September 2001 by Kenny Rosenblatt, Jessica Rovello. Arkadium has 49 employees, with 50% them based out of Simferopol, Ukraine. Arkadium creates game software for consumer brands, ad agencies, casino operators and online gamers. The company's growing library of over 250 game engines are developed using Adobe Flash, do not require a download, operate on 99% of all computers and can be customized to meet any client's specific needs. Arkadium is deeply involved with the casual games community in the NYC area, and is co-host to the Casual Games Association's NYC Mingles. More information about Arkadium: Kate Connally, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, "Teens & Tweens", *Casual Connect Seattle 2007*, <http://podcasts.casualconnect.org/>.

Bamtag Games

<http://www.bamtag.com/>

s-bamtag@casualconnect.org

Bamtag Games is the Peruvian developer that the major TV networks and North American publishers turn to for creative and quality game development. Bamtag has a staff of over 35 talented professionals working behind the scenes on some of the most popular web casual games online.

Bitcasters Inc.

<http://www.bitgames.com/>

s-bitcasters@casualconnect.org

Founded in 1996, Bitcasters is an innovation-driven international media production firm that produces Internet, film and television-based entertainment properties. The company has produced top-rated and award winning games for clients such as Disney, Family Channel, Miramax, the Charles R. Bronfman Foundation, Cartoon Network and others which have been played over 50-million times. The company also has one serious game and one 3D MMORPG for kids in production.

Boonty, Cafe.com

<http://www.cafe.com/>, <http://www.boonty.net/>

s-boonty@casualconnect.org

Founded in 2001 by brothers Roman Nouzareth, Co-Founder and President, Boonty, Inc. Mathieu Nouzareth, Co-Founder and President, Boonty S.A. now has over 100 employees, between New York City, Paris, Singapore, Tokyo and Beijing.

Boonty is one of the leading casual game platforms in the world. Selling games in 28 countries in the Americas, Europe and Asia, with a catalog of over 1,000 games, over 100 billing systems, more than 200 partners.

Boonty recently launched www.cafe.com, a new solution based around multiplayer and social casual gaming with innovative business models based around advertising and iteming paid with micro-transactions (MTX). Games are developed by Boonty's game studio out of Beijing.



Mathieu Nouzareth

Romain Nouzareth

Corbomite Games

<http://www.corbomitegames.com/>

s-corbomite@casualconnect.org

Corbomite Games is a young and innovative independent Israeli game developer, located in Tel-aviv, Israel. We believe that games should inspire the mind, and soul, and we much prefer to have you laugh and love than shoot stuff, so we're creating exactly those kinds of games. Corbomite Games is working on three advanced casual game titles: Zbang, Pizza Morgana, and Falfel man, all based on successful Israeli comics series.

doof

<http://www.doof.com/>

s-doof@casualconnect.org

doof is a cutting edge web application dedicated to playing games, meeting people, friendly competition and having fun. Bursting with games and cool ways to meet and beat others, doof is a pioneering social web application wrapped up in a visually stunning package.

Dot Red Games Ltd.

<http://www.dotredgames.com/>

s-dotredgames@casualconnect.org

Dot Red Games Ltd. offers new game content backed with a powerful and all-new game engine, capable of real-time graphic special effects, real artificial intelligence (AI), networking capabilities, and with future support for 3D content. All these innovative features will be in use to surpass contemporary 'simple' game concepts and game engines with new and fresh concepts and an all new game engine capable of high quality visual & audio content along with networking abilities.

enter.tv

<http://www.enter.tv/>

s-entertv@casualconnect.org

enter.tv is a company founded of former TV professionals and former casual game producers with a track record of 18 years experience in creating games. the goal is to provide a portal and a structure for interactive entertainment that brings together the best of both sides of entertainment: TV and games. The portal will be opened September 2007 and will provide online multiplayer games with unique characters, business models, game formats with live hosts and a new game experience in cooperation with some of Germany's biggest media companies.

Ex Machina

<http://www.exmachina.nl/>

s-exmachina@casualconnect.org

Ex Machina enables multiplayer cross-platform gaming. We offer a platform to allow real multiplayer gaming on any connected device, anywhere, anytime. Our Julius 4.0 Connected Games Management System provides a complete framework solution for web, mobile and broadcast games. Since 2001, Ex Machina has been dedicated to social and interactive entertainment by providing turn-key social gaming technology and services. We can assist media companies and brands in setting up a viable games strategy. And with our network of trusted development partners, we are able to offer you state of the art games.

Gamelab

<http://www.gamelab.com/>

s-gamelab@casualconnect.org

Gamelab invents new ways to play. A game development company founded by Peter Lee and Eric Zimmerman in 2000, Gamelab's staff of 32 makes up NYC's second largest and longest-running game studio. Gamelab creates singleplayer and multiplayer online games for a wide variety of audiences, including casual games like the smash hit Diner Dash. Although Gamelab often works with publishers, they have recently self-published a number of downloadable titles, including Out of Your Mind, Miss Management, and LEGO Fever.

More about Gamelab and their creative process can be found in Eric Zimmerman's articles: "Realities of Running an Independent Game Studio", *Casual Connect Magazine*, Summer 2007, pg 16. "Playing at Work, the Intageables of Running a Game Company", *Casual Connect Magazine*, Fall 2007. <http://mag.casualconnect.org/> and "Realities of Running an Independent Game Studio", Podcast and Presentation, *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.

Games Cafe Inc.

<http://www.gamescafe.com/>

s-gamescafe@casualconnect.org

The Company: Games Cafe Inc. ("GamesCafe") is a private company formed in October 2005 engaged in the creation, development, marketing and sales of computer games. GamesCafe exclusively focuses on the Casual Gaming market. Our audience is primarily women (85%) and between the ages of 30-60. GamesCafe places casual games into major retail outlets such as Wal-Mart, Target, BestBuy, EB/ GameStop, CompUSA and many more. We handle all areas of bringing a title to market, such as PR and Marketing. We also cover all logistics and costs including ESRB, Design, Packaging, Materials, EDI, Shipping, Marketing, Co-Op/MDF, Storage, Process fees, etc.

Geewa

<http://www.geewa.com/>

s-geewa@casualconnect.org

Geewa developed and operates a unique multiplayer community platform for casual games. We work via affiliates mainly but also via our own portal www.geewa.com. We have taken the community approach from the start which results in great user numbers – 1 million users and 15 million matches played per month, 90 minutes average time spent on-line per day, peak at 10,000 online users.

Glu Mobile

<http://www.glumobile.com/>

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Glu is a leading global publisher of mobile games. Its portfolio of top-rated games includes original titles Super K.O. Boxing!, Stranded and Brain Genius, and titles based on major brands from partners including Atari, Activision, Big Fish Games, Konami, Harrah's, Hasbro, Warner Bros., Microsoft, PlayFirst, PopCap Games, SEGA and Sony.

Founded in 2001, Glu is based San Mateo, California and has offices in London, France, Germany, Spain, Italy, Hong Kong, Beijing and Sao Paulo.

Gogii Games

<http://www.gogii.com/>

s-gogii@casualconnect.org

Gogii Games is a casual games publisher working with developers and IP owners to help develop, distribute and license its IP or product to retail, online and alternative channels worldwide. With direct relationships at retail and online as well as 15 years in the video game business, the Gogii staff have a deep network of relationships it uses to leverage your product or IP to consumers and distributors.

Gogii has a extensive list of qualified developers that can take an idea or license and create or convert your product from PC to Xbox360, Handheld or console. With developers, distribution and an incredible pedigree of gaming knowledge Gogii can take your current IP or your new product and position it into a successful franchise.

Ignite Games

<http://www.ignite-games.com/>

s-ignite@casualconnect.org

We are a company dedicated to the development of video games, with its home office in the sun-filled city of Lisbon, Portugal. Being a group of energetic and highly motivated individuals with the most diverse backgrounds, our games are a direct result of our life experiences and togetherness. Our focus ultimately lies on what gaming should be above all else: FUN!

IT Territory Casual

<http://www.it-territory.ru/eng/>

s-iterritory@casualconnect.org

Founded in 2004, IT Territory is a developer and publisher of browser-based massively multiplayer online games. Along with being Russia's number one publisher, IT Territory has developed the leading distribution network in Russia and Eastern Europe. A micropayments system has been utilized in all of IT Territory's online games, and has proven to be commercially successful. Their micropayment system is currently only in use in Russia, but plans are being implemented to expand it into other markets in 2008.

IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons (www.dwar.ru), Drive@Mail.ru (www.drive.mail.ru), Territory (www.territory.ru), The Three Kingdoms (www.3k.mail.ru), and The Bugz (www.zhuki.mail.ru). More than 4.5 million users play IT Territory's games.

IT Territory handles payments through its centralized payment system, Terrabank (<http://terrabank.ru>), which utilizes a convenient and easy method of converting different types of money into game currency.

Game.Money (launched scheduled in Russia early 2008) will be an integrated payment system for all projects launched by IT Territory and its partners. This independent payment system will allow online-players to:

- Make interest-free transfers
- Pay for games and services connect to the Game.Money system
- Transfer funds to other player interest-free



Igor Matsanyuk
Founder & CEO



Alisa Chumachenko
Director, ITT Casual

Employees: 250

Yearly Revenue: \$24 million

In-house studios: Relish Games (Moscow) and IT Territory Nord (St. Petersburg)

Portals: Lolo (lolo.ru) casual portal; PLAYIT (playit.ru), intergame casual games for online players; Games.Mail.Ru, the largest online games portal in Russia; World of Heros (woh.ru), the biggest online games community in the ru zone.



Greg Ballard, CEO

Employees: 250

Yearly Revenue: \$46.2 million

Nasdaq: GLUU

Kalador Entertainment Inc.

<http://www.kalador.com/>

s-kalador@casualconnect.org

Kalador is a mobile phone games and entertainment company founded in 2000. We offer customers access to premium mobile games and entertainment at our <http://www.kalador.com> web/mobile storefront. Games are rated and reviewed by professional editors and customers alike.

kirkykitty Games

<http://www.kirkykitty.com/>

s-kirkykitty@casualconnect.org

At kirkykitty games "where passion rules" we aim to develop fun and addictive games! kirkykitty's two prong garage business model focuses on developing in-house game products and client focused game projects using VC++ (DirectX), Flash and Java at high quality levels within tight deadlines.

Large Animal

<http://www.largeanimal.com/>

s-largeanimal@casualconnect.org



^ Wade Tinney

^ Josh Welber

Large Animal's founders (above) have been an active and positive part of the casual games community, volunteering significant amounts of time to a SIG inside of IGDA, an industry association specifically designed to help developers create better games for the mass market.

Large Animal was founded in January of 2001 by partners Wade Tinney and Josh Welber. Our mission is to create games that are easy to learn and deliver a rich play experience. We want our games to be fun for all sorts of players, even those who don't really think of themselves as gamers.

Large Animal has made games of all types; puzzle games, celebrity name games, role-playing games, action games and word games. In the spring of 2007, we released our 55th game. Our original, downloadable games include Snapshot Adventures, RocketBowl, Saints & Sinners Bingo, Saints & Sinners Bowling, Jackpot Matchup, TeamUp, AlphaQUEUE, LEGO Bricktopia and Unipong.

Our new online framework for player customized games, PlayWidgets, supports any type of user-customizable flash game. Players can view and rate others' games, customize games with their own photos, send games to friends through email and embed their creations on any blog or social networking site.

Majesco

<http://www.majescoentertainment.com/>

s-majesco@casualconnect.org

Founded: 1996

Employees: 64 North America, 6 Eastern Europe

Revenue: \$66.7 million, 2006

NASDAQ: COOL



^ Cooking Mama for the Nintendo DS



> Nancy Drew for the Nintendo DS

Headquartered in Edison, NJ, with an international office in Bristol, UK, Majesco Entertainment Company (NASDAQ: COOL) is an innovative provider of video games and digital entertainment products for the mass market. Currently, Majesco is focusing on the Nintendo DS and Wii platforms as they have mass market appeal and rapidly growing installed bases. The Company intends to capitalize on the casual game marketplace by licensing and developing games appealing to online and console players particularly for the Nintendo platforms. Our product strategy centers on publishing fun, easy to pick-up-and-play games that appeal to mainstream audiences including women and families. Majesco has an extensive distribution network and sells directly and through resellers to leading U.S. retail chains. Majesco also sells products internationally through partnerships with international publishers. Product highlights include Nancy Drew™, Cooking Mama and Zoo Hospital™ for the Nintendo DS™ and Cooking Mama: Cook Off for the Wii™ console.

Merscom

<http://www.merscom.com/>

s-merscom@casualconnect.org

Merscom is a global publisher of casual video games that distributes through multiple channels, platforms and revenue models. Channels include retail distribution in the US and Europe, online sale through major portals worldwide and games on Xbox LiveArcade. Merscom is developing titles for XBLA, WiiWare and PSN network, as well as handheld platforms. Along with creating its own Intellectual Property, Merscom publishes games from leading casual game developers. Merscom produces entertaining products for gamers of all ages and guarantees all customers a great experience with its ~Fun Guarantee.~ For more information visit www.merscom.com.

Mystery Studio

<http://www.mysterystudio.com/>

s-mysterystudio@casualconnect.org

A technology and engineering oriented game developer with a 5-year track record. We develop and publish our in-house games while also offering art, programming, and full “design document to finished game” services. Mystery Studio has developed several hit casual games, including Betty’s Beer Bar (one of the first Time Management games online), Wild West Wendy and Pirate Poppers.

Ocean Media

<http://www.oceanmedia.hr/>

s-oceanmedia@casualconnect.org

Ocean Media was founded in summer 2006, with its office in Croatia. The company is dedicated to developing awesome games, always bringing something new to the gameplay. Their games feature nice graphics and sound, but they are also determined to always push the technology beyond established standards. Ocean Media team have developed probably the best 2D physics engine for casual games.

Orange

<http://jeu.orange.fr/>, <http://www.francetelecom.com/>

s-orange@casualconnect.org

Orange.fr is the n°1 casual gaming portal in France, according to Nielsen. Backed up by Orange’s massive reach (9M broadband customers, 92M mobile customers worldwide), we also benefit from a very user friendly system which recognizes our portal customers automatically and allows them to purchase in just a few clicks through ISP invoice.

We’re focusing on growing our business through community services and converging (web/mobile) offers, as well as trying out new business models. Our games department (GOA) is also a leading publisher and operator of “hard-core” (DAOC, Warhammer Online) and “middle-range” (www.goa.com) online games in Europe. *(editor’s note: in other parts of this report, Orange is referred to as France Telecom)*

Outrix Corp.

<http://www.outrix.com/>

s-outrix@casualconnect.org

Outrix Corporation is a distributor and developer of casual games and other multimedia products. It was founded in 2005 and since then its products have successfully entered American, Japanese, German, Canadian, Russian and other PC product markets. Outrix distributes games and other multimedia products through online and offline channels, including company portals Gambana (<http://www.gambana.com>) and Lacombo (<http://www.lacombo.com>) and its affiliate network. To present day, Outrix created 3 games and over 20 screensavers on different themes.

PRIZEE.COM S.A.R.L.

<http://www.prizee.com/>

s-prizee@casualconnect.org

Prizee.com, founded in 2000, is a portal in which: 1. 30 games are available, 2. For each game played, Bubz (our virtual money) can be won and converted into presents through our Gift Shop, 3. A special event takes place every week and new games are launched regularly. 4. Our business model is based on the resale of extras for games through several types of micro payment. Prizee.com counts over 15 million registered players and 2.5 million visitors per month. According to Panel Nielsen Source (Feb. 2007), we are the second best on the online entertainment segment in France regarding the number of pages viewed.

PiddlePup Games

<http://www.piddlepup.com/>

s-piddlepup@casualconnect.org

Small game developer with focus on family friendly games.

Playrix (Terminal Studio)

<http://www.playrix.com/>

s-playrix@casualconnect.org

Playrix was founded in November 2001 as Terminal Studio, and is an independent casual games developer and publisher. The company has earned itself good reputation among game fans with some innovative and successful puzzle titles, such as Atlantis Quest, Brickshooter Egypt, The Rise of Atlantis, etc. By closely following the developments in the industry and the market we are able to embrace the changes and deliver the most relevant product using our flexibility and expertise. The current strategy is to continue to pick up the production level and introduce innovation in the ‘well-tested’ casual game genres. We are always open to new partnerships and business ideas.

QuizArt

<http://www.triviabox.com/>, <http://www.quizart.com/>

s-quizart@casualconnect.org

QuizArt is a skill games solution provider. In operation since 2004, QuizArt provides skill game platforms that support the operation of multi-player gaming websites for fun and for cash play. The QuizArt technology includes support for rich content games such as trivia games. QuizArt is constantly developing new and unique games.

Reach Media Ltd.

<http://www.reachgames.com/>

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Reach Games develops, often with other developers on a co-development basis, casual games for the online and download play space. Reach Games prides itself on delivering high quality work at cost efficient prices to other developers and publishers that require reliable delivery dates for their modelling, art, and animation game assets. We are both a service company to other developers, and a co-developer of our own intellectual property in the casual games space.

Rebel Monkey

<http://www.rebelmonkey.com/>

s-rebelmonkey@casualconnect.org



Margaret Wallace



Nick Fortugno

Rebel Monkey, Inc. is a new casual games company with headquarters in New York City. Founded by a couple of casual game industry vets, the focus of Rebel Monkey is on creating the next generation of original, high quality games to entertain and entice audiences worldwide. The Rebel Monkey founders are both actively involved in the casual game development community. Nick Fortugno is best known as Lead Designer on the original Diner Dash. Margaret Wallace was previously Co-Founder and CEO of Skunk Studios in San Francisco.

Reflexive Entertainment

<http://www.reflexive.com/>

s-reflexive@casualconnect.org

Founded in October of 1997 by Ion Hardie, Ernie Ramirez, Lars Brubaker, and James C. Smith, with one goal in mind, to make great games, Reflexive Entertainment’s passionate focus on game design has led to the creation of many top-selling and award-winning games including the Ricochet and the Big Kahuna franchises (with over 40 million total downloads) and the 2006 Downloadable Game of the Year, Wik: Fable of Souls.

In addition to developing games, Reflexive has created one of the largest casual game distribution networks in existence with more than 500 affiliates distributing a huge catalog of over 800 games to a rapidly growing audience that downloads millions of games each week.

> Ricochet Xtreme, released in 2003, holds the honor of being the game residing in the Top 10 of RealArcade for the longest period of time for 532 weeks.



> Big Kahuna Reef, a hit game of 2005



^ Wik Fable of Souls was a critically acclaimed platformer released by Reflexive on the PC and Xbox LIVE Arcade. It reinforced the commitment of Reflexive to try new and innovative products.

Sarbakan

<http://www.sarbakan.com/>

s-sarbakan@casualconnect.org

Sarbakan is an original and licensed online/casual game developer based in Quebec City, Quebec, Canada. Founded in 1998 by Guy Boucher and Richard Vallerand, Sarbakan has so far delivered 500 games to clients such as Warner Bros. Online, Nickelodeon, MTV, Sony, Groupe TF1, and Vivendi-Universal. Sarbakan’s most widely known original properties are Steppenwolf, a 28 episode Web game licensed exclusively to Warner Bros. Online; Arcane (a Warner Bros. Online exclusive), Good Night Mr. Snoozeberg; and Firechild (an AOL RED exclusive). In 2006, Sarbakan launched a new division to tackle advergaming projects, SBK Interactive. SBK Interactive has developed many projects for major international companies such as Hasbro, Mattel, Chrysler, Nestlé, Volkswagen, and Kraft. Sarbakan also offers PC and Nintendo DS development services. Sarbakan currently employs 100 people, making them one of the largest independent developers.

SDA Software Associates Inc.

<http://www.sdaworld.com/>

s-sdaworld@casualconnect.org

Outsourced software development done well. SDA Software Associates specializes in outsourced product development and outsourced business software development. We provide solutions to many industries, including the casual games industry. We offer commercial middleware (SDA Game Framework tools and libraries) as well as full-service outsourced casual game development.

Sharendipity

<http://www.sharendipity.com/>

s-sharendipity@casualconnect.org

The Sharendipity platform brings intuitive software creation tools to individuals with great ideas, and provides an infrastructure for that content to be monetized. The web-based platform brings together creative people in an online community to build software applications in a broad range of areas. Our goal is to empower individuals who do not have software development experience or resources to create applications including casual games. Individuals can create whatever they imagine!

Slingo

<http://www.slingo.com/>

s-slingo@casualconnect.org

Slingo was founded in October of 1994 by a retired real estate developer. The original Slingo game concept took over one year to develop and was done in the basement of the CEO (usually in the wee hours of the morning) on a mechanical 5-reel slot machine with dry erase boards and over 2500 pages of looseleaf paper. The hard work paid off, Slingo has become one of the most played casual games on the internet - with over 3 billions games played. With partners America Online, IGT, Funkitron, Oberthur Gaming Technologies, Pixel Play, The United States Playing Card Company, I-Play Technologies and TVcompass, Slingo has a broad and evergreen brand recognition.

Slingo has successfully licensed to partners world-wide for use with: online game sites, downloadable games, instant lottery tickets, casino slot machines, casino table games, broadcast and cable television and mobile phone games. Slingo proves that with hard work - and being a stickler for details will enable developers to create long lasting and lucrative brands. More about Slingo: Eric Lamendola, "Creating Using and Protecting IP", Podcast and Presentation, *Casual Connect Seattle 2007*. <http://podcasts.casualconnect.org/>.

> Slingo Game-show broadcast on television is aired in Philippines



< Slingo has sold over 250 million scratch lottery tickets

SomaTone Interactive Audio

<http://www.somatone.com/>

s-somatone@casualconnect.org

SomaTone Interactive Audio, founded in 2003, is the #1 provider of audio for Downloadable Games. We provide original music scores, sfx, VO and integration services for most of the top publishers and big developers. With over 150 downloadable games a year coming through our studios and a staff of 24 composers and 10 sound designers, we are experts at knowing how to appropriately and effectively create audio for downloadable/casual games on the PC, XBLA, Wii, DS, Mobile, etc.

Teravision Games

<http://www.teravisiongames.com/>

s-teravisiongames@casualconnect.org

Teravision Games (<http://www.teravisiongames.com/>) is a spin-off created from Teravision Technologies (<http://www.teravisiontech.com/>) which was created in 1998 as a software development outsourcing company. For the last 6 years Teravision Technologies has worked with important clients both in North America and Latin America providing top quality web-based business applications. As products developed and skills evolved new areas of expertise started to emerge resulting in the creation of Teravision Games back in 2004, a division dedicated to providing 3D art and gaming outsourcing initially for mobile and online casual games and now for current and next generation consoles and PC. Teravision Games' headquarters are located in Orlando, FL with a development center located in Latin America (Caracas, Venezuela), having an ideal near-shore/in-shore combination and giving clients the advantages of dealing with a local American company with the cost savings of the off-shore approach. In addition to this big advantage the time zone in Caracas is EST allowing us to have a maximum of 3-4 hours difference with any client in North America. All artists and programmers are well versed in English and most of them have studied in the US reducing to a minimum any cultural gap or language barrier. Besides these competitive advantages the skills and quality meet worldwide standards, the communications process is very stretch, fluid, and continuous.

Torpex Games

<http://www.torpexgames.com/>

s-torpexgames@casualconnect.org

Torpex Games is a startup game developer in Bellevue, Washington. We will publish our first game, "Schizoid", on Xbox Live Arcade in 2007. "Schizoid" will be the first commercially released game using Microsoft's XNA technology. Torpex Games was founded in 2005 by video game industry veterans.

VMC

<http://www.vmc.com/>

s-vmc@casualconnect.org

VMC is North America's largest outsource testing provider for electronic games publishers and developers. As the preferred provider for Xbox LIVE Arcade product certification, VMC plays an important role in the delivery of games onto online console platforms.

Wahoo Studios, Inc., NinjaBee

<http://www.ninjabee.com/>

s-ninjabee@casualconnect.org

Wahoo Studios, founded in 2001, established NinjaBee as a brand name in 2004 to showcase our independent, self-published games. The NinjaBee label was first placed on our award-winning PC game, Outpost Kaloki. We have gone on to create several games for the Xbox Live Arcade service, including Outpost Kaloki X, Cloning Clyde and Band of Bugs. With 35 employees, Wahoo Studios continues to do work for hire development contracts with leading publishers.

Word of Mouse Games, Snood

<http://www.womgames.com/>, <http://www.snood.com/>

s-snood@casualconnect.org

Word of Mouse Games, founded in 1996, is the publisher of Snood, Snood Towers, Snood Slide, Snoodoku and several other great games. We merchandise the Snood characters and license our games for various platforms. Our "Snood" brand is unique in a marketplace filled with colored stones, balls and marbles. Snood is one of the most popular computer games in the world. We like to tell newcomers that Snood is the most popular game they've never heard of! :-)

xBlitz Entertainment

<http://www.xblitz.com/>

s-xblitz@casualconnect.org

xBlitz Entertainment is a publisher committed to family-friendly casual games. We believe that games were made to put a smile on your face. Since 2005, we've offered only the best in casual games on our web portal. This year marks our debut title, "Wriggle Words" for pc. And for 2008, our US/China team is currently developing our first mobile game. It's true, casual games really are serious fun!

XGen Studios

<http://www.XGenStudios.com/>

s-xgenstudios@casualconnect.org

XGen Studios is an independent developer & publisher focused on the casual games market. Committed to delivering highly addictive and viral gaming experiences, XGen works with an internal team as well as external developers to bring innovative games to an international audience of millions. Since its inception in 2003, XGen Studios has launched 5 highly successful in-house titles in addition to publishing dozens of 3rd party titles. XGen currently employs an internal team of 7 developers, artists & marketing staff and maintains active partnerships in a publishing role with numerous other studios and teams. XGen has received three of FHM Magazine's "100 Greatest Games" awards for Defend Your Castle, Fishy, and Stick RPG. XGen games are featured on the web's largest portals including MTV, Shockwave.com, MiniClip, Virgin Games, FHM and Channel4.

Zapak Digital Entertainment Limited

<http://www.zapak.com/>

s-zapak@casualconnect.org

This full-service Gaming Entertainment Company is a part of the Reliance ADA Group. Zapak Digital Entertainment Ltd intends a complete roll out of its services in 3 phases. The first phase of the portfolio has witnessed the launch of Zapak.com - India's largest gaming portal. The second phase saw the roll out of Zapak Gameplexes - exclusive gaming cafe's across the country which is already operational in 10 cities and looking to expand to 20 cities in next 5 months and in the third phase Zapak Digital Entertainment Ltd. would introduce Massively Multiplayer Online Games (MMOG) - the rage in online gaming worldwide.

Zapak presents India's largest and highest-quality game catalog with over 500 games on offer. The site is designed to offer an exciting gaming experience across multiple genres, suitable for all age groups, for free. From world-class content to innovative Indian titles it's all there at www.zapak.com, making playing online games an exciting experience. Zapak provides opportunity to developers worldwide to develop online & downloadable games for Indian audience. Zapak plans to spend \$10 million in content acquisition in year 2007-2008

GET INVOLVED NEXT YEAR

The profiles in this section represent the subset of the companies who participated in this year's survey who indicated we could publish information about their company. Participation by companies in the casual games industry makes our research reports as accurate as possible, so we thank everyone who gave us this valuable information.

You can email us at datastudy@casualgamesassociation.org for more information about participating in the Casual Games Market Report 2008.

PROFILE CONTENT

Full page profiles were written by and edited for content by the Casual Games Association. Partial page profiles were written by the presenting company; the reader should verify the content of the partial page profiles.

The Casual Games Association is an international organization with a membership of more than 4,000 gaming executives, publishers and developers. Dedicated to promoting casual games for general consumers and providing educational resources for game development, the association hosts annual conferences in Seattle, Kyiv, and Amsterdam (moving to Hamburg in 2009), publishes a magazine three times a year, and issues research reports on the industry. The association was founded in 2005 by members of the casual games industry.

The Casual Games Association is focused on providing educational resources and community support for the entire gaming industry—to bring together developers, publishers, and distributors in order to achieve the common goal of a stable and healthy global casual games market.

The Casual Games Association is focused on the long term growth of creating games for a diverse demographic, with primary emphasis on:

1. **Educational Resources** to ensure that our industry has an effective and productive workforce.
2. **Community Support** to help get deals done and to ensure that everyone has the network and resources to succeed.
3. **Visibility** to encourage professionals to view casual games as a viable career option; and members of the public to view casual games as a viable past time.
4. Promote **Collaboration** to encourage industry standards and efficiency.

Membership

Membership in the Casual Games Association is open to those interested in electronic games for the mass market consumer. There are a number of different membership options:

1. **Corporate Membership.** Companies may join the Casual Games Association by participating in an industry initiative with financial support or volunteering corporate staff. We advise companies to contribute in-line with their prominence in the casual games space, but no level of payments are forced. All employees of the company are given full membership access. Contact Luke Burtis for more information.
2. **Personal Community Membership.** Community Memberships are available for free to anyone interested in games for the mass market. Programs and services offered to community members are paid for from the Corporate Membership fund. Community Members receive three magazine issues each year and full access to conference slides and podcasts. To register as a Community Member visit:
http://www.casualgamesassociation.org/for_professionals_sign_up.php.
3. **Personal Supporting Membership.** Supporting Memberships are available for professionals inside of electronic media who are interested in doing their part to support the Casual Games Association. Supporting Memberships are included with all conference passes or by volunteering for an industry initiative. Supporting Members receive three magazine issues each year, yearly Casual Games Market Reports and full access to conference slides and podcasts. Those who are interested should sign up for the mailing list for notifications of events and initiatives:
http://www.casualgamesassociation.org/for_professionals_sign_up.php.

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Disclosures

The Casual Games Association's Casual Games Market Report 2007 ("Report") is for informational purposes only. The Casual Games Association's Casual Games Market Report 2007 contains current opinions and estimates which may change at any time based on information available to the Casual Games Association and should not be used as the sole basis for any investment or strategy decisions. While the data included in the report is derived from reliable sources, it is dependant on the accuracy of data reported to the Casual Games Association. The reader is responsible for verification of information enclosed in this report and the Casual Games Association does not guarantee or warrant the accuracy or completeness of the information. The Casual Games Association is not responsible for oversights in opinions or data.

The Casual Games Association's Casual Games Market Report 2007 is funded from the Casual Games Association's general budget, no specific financial consideration was given by any individual company mentioned in this Report for the production of the Report. The Canadian Consulate General of Seattle provided funding for this Report in exchange for a logo on the inside cover of the Report and on the outside of the mailer to Casual Games Association's members and general members of the press. The Casual Games Association received no payments from companies to be listed in the company profiles or to have their properties highlighted in the Report; determination of who was included was based on the Casual Games Association's estimation of importance in the casual games industry and adequate information provided by companies to complete profiles of their company or their properties. Significant portions of the Casual Games Association (CGA) operating budget arrives from Macrovision, MumboJumbo, RealNetworks, King.com, Electronic Arts, PopCap Games, Microsoft, Big Fish Games, MTV Networks, Sandlot Games, iWin.com, Oberon Media, IT Territory, Enkord, Alawar Entertainment, Absolutist, Freeze Tag, Boonty, Fresh Games, Reflexive Entertainment, Merscom, Funkitron, Lifetime, PlayFirst and JoJu Games. Because of the position of the CGA in the casual games community, nearly without exception all companies listed in this report have contributed funds or services to the CGA in exchange for educational, promotional and marketing services.

The primary analyst or immediate family of the primary analyst who prepared this Report have financial interest in PopCap Games and other technology industry securities in a managed fund including but not limited to Viacom, Electronic Arts, RealNetworks, Activision, UBISoft, Microsoft, Nintendo, and Sony,

Primary Analyst: Casual Games Association, Managing Director, Jessica Tams

Secondary Analysts: Pearl Research, Managing Director, Allison Luong & Screen Digest, Games Analyst, Piers Harding-Rolls

Editing & Research: Casual Games Association, Angeline Fowler

Editing: Casual Games Association, Peter Watkins, David Oro, Luke Burtis and Robert Rix

Methods

This report's analysis is generated through an exclusive online survey conducted by Pearl Research on behalf of the Casual Games Association, in-depth interviews with industry stakeholders, extensive online and offline data collection, and the Casual Games Association's vast knowledge base and cultural understanding of the interactive entertainment markets.

Primary Research: A representative group composed of corporate members of the Casual Games Association and other companies within the casual games industry were assembled in early 2007. A significant portion of the group was recruited through personal contacts with industry stakeholders to ensure the fullest participation possible. Using these resources, the Casual Games Association hopes to create representation which reflects the wide range of companies currently operating within the casual games space.

Some of the primary data in this study was collected through questions in this password-protected online survey. Questions covered relevant issues and metrics within the industry including company profiles, revenue, costs, top titles, number of casual game downloads at portals and similar information. The survey was maintained and the raw data was compiled by an independent research firm Pearl Research to avoid any conflicts of interest. Relevant data points were provided to the Casual Games Association for inclusion in the report. The Casual Games Association employees, advisors and directors did not handle any confidential data directly.

The text in this study was based on extensive stakeholder interviews and CGA's existing knowledge base of the industry.

Secondary Research: To supplement primary data gathering, information was gathered from various secondary sources including company annual reports, financial filings, governmental agencies, the specialist trade press and other relevant sources.

Special thanks to Big Fish Games for having the best screenshots online, we used many of them.

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Companies inside of the entertainment business may use information in this report for internal purposes and with partners, potential partners, members of the press may quote the Casual Games Market Report 2007, data and information contained in this Report must NOT be used for commercial purposes including but not limited to commercial research reports. Please ask permission before using data if you have any questions. Regrettably, because of the confidential nature of our data collection, we can not provide more detailed numbers about the market than those included inside of this Report, so don't ask. Those who violate these rules will have bad karma for 12 years and will get in trouble. Email us at: datastudy@casualgamesassociation.org.

Advergame

An electronic game with integrated branding or brand messages from an advertiser. Typically advergames are created around just one brand and offered to consumers for little or no money in an attempt to build brand awareness.

Aggregator

A company who gathers the right to distribute games from many different developers and publishers for distribution on websites, mobile phones or in retail. Distributors and portals then may work with just one point of contact to acquire a plethora of content.

Conversion Rate

Ratio of downloads to purchases. For example, if a casual game is downloaded 100 times from a website and has 2 purchases, the game is said to have a $2/100 = 2\%$ conversion rate.

CPM

“Cost Per Thousand”. Cost to advertiser per thousand online ad impressions. Advertisements can be either graphical or text. (note: the Roman Numeral for Thousand is M)

Developer

Individuals or companies that dream-up the concepts, write the code, compose the sounds and music, create the art and generally bring to life a playable game. Developers either self-fund new games or work with a publisher to provide funds and logistical support.

Distributor

Companies which possess the rights to distribute content to consumers which provide technical support and content to end consumers on behalf of a portal.

Downloadable Version

A version of an electronic game which supports the ability to be downloaded from a website, console browser or mobile phone and then installed directly on the customer’s device. Downloadable games are typically able to be played without access to the internet

and are monetized using the Trial-to-Purchase payment method.

Exclusive

The act of a content owner granting sole rights to the distribution of content to one party. Typically developers of casual games give sole (exclusive) distribution rights to their publishers in exchange for funding and logistical support. Portals secure sole (exclusive) distribution rights for content they believe will give them a competitive advantage for a fixed amount of time.

Fulfillment

Delivery of retail product from manufacturing to retail locations.

Game-Sales-Charts.com

Website created by James C. Smith to track the Top 10 sales charts on online website portals.

In-game Advertising

Advertising displayed during gameplay typically with a rich media display between levels or integrated into gameplay.

IP

The intellectual property that results from building a game, including the concept, the object code, the source code, and all the legal assets such as copyrights, trademarks, and occasionally patents.

Merchandising

The act of selecting which merchandise to display to the end consumer.

Monetize, Monetization

How the supplier and creator of goods or services receives money from the consumer.

Publisher

Companies that pay developers to build games—either to their specifications or to the developers’—and in return own the resulting IP.

Mass Market

The general consumer—not discriminating or targeting any one demographic.

Portal

Companies with websites that focus on the delivery of casual games to consumers via digital distribution.

Subscription

Unlimited play in exchange for a fixed monthly fee. May also refer to the ability to select one game for purchase each month for a set fee.

Skill-based Games

Players pay a small entrance fee to participate and compete against other consumers in a game of skill. The player who wins the contest is awarded the collection of entrance fees minus a small transaction fee retained by the operator.

Top 10

List displayed on portals representing the most popular 10 titles on their portal. Top 10 lists are especially important in casual games because of the limited screen space. For fun with the Top 10 visit www.game-sales-charts.com.

Trial-to-Purchase

Games are download using a web browser, a console browser such as Xbox LIVE Arcade or on a mobile phone. Consumers are allowed to play the game for a trial period, typically 60 minutes for online games, and feature limitations for console games. After the trial has expired, consumers may purchase the game.

Value Chain

The abstract term for the flow of resources, money, responsibility and workload among the entire industry.

Web Game

Games which run directly from a consumer’s web browser. While Java, Flash, or an ActiveX control such as igLoader may need to be installed for the game to be functional, no files from the game are typically stored on the consumer’s local computer.



Casual Connect Europe 2008 Amsterdam, Netherlands, 6 – 8 February 2008

amsterdam.casualconnect.org

Winter is the prime time to visit Europe to meet with partners and see the city’s shimmering lights - when tourists are scarce. 2008 will be the final year in the city that launched the Casual Games Association, so if a trip to Amsterdam is in your future, make it in 2008.



Casual Connect Seattle 2008 Seattle, Washington, 23 – 25 July 2008

seattle.casualconnect.org

The hub of the Pacific Northwest, Seattle is known for beautiful summers, evergreen landscapes – the city is also ground zero for the casual games industry. More casual game consumers purchase games from publishers and distributors in the Pacific Northwest than any other area in the world. In fact, over 60% of the Top 10 Games in 2006 were developed or published by companies in the area.



Casual Connect Kyiv 2008 Kyiv, Ukraine, October 2008

kyiv.casualconnect.org

Kyiv, in the Ukraine, is a modern historical city located between Eastern and Western Europe. Eastern Europe is known for excellent school systems that emphasize math and sciences, while fostering creative thinking. Travel to the Ukraine does not require a VISA for EU and USA citizens. Tetris and about 30% of the Top 10 Games in 2006, were partially developed in Eastern Europe.



Casual Connect Europe 2009 Hamburg, Germany, February 2009

europe.casualconnect.org

The Casual Games Association’s Winter conference, Casual Connect Europe: West 2009, will be held in Hamburg, Germany - the Western European hotbed for media, technology and casual games. Hamburg is located in Northern Germany between Amsterdam and Copenhagen and is the principal port of Germany with over 2,000 bridges dotting the plethora of city canals.

Conference Podcasts & Slides are available online: <http://podcasts.casualconnect.org/>
Casual Connect Magazine is available online: <http://mag.casualconnect.org/>

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we are ALL CASUAL GAMERS

conversations with casual gamers

Q: Why do you play?

- Amy, 62, F (amy116): I play to keep my mind sharp.
Brandon, 37, M (gocubs): I play solitaire to pass time at work.
Stacy, 46, F (lolcatz): I play for relaxation and some “me time”.
Bjorn, 23, M (aggie65): I play for the challenge.
Christian, 29, M (seriens): I’m addicted to Zuma. (p.s. I tell my co-workers it is my wife playing)

Q: Who in your family is a gamer?

Diane: I’m not a gamer, but my grandson plays his Xbox and Nintendo DS a lot, he is a gamer.

Q: What games have you played this year?

Diane: Word Whomp, Cake Mania, Diner Dash, Mystery Case Files Huntsville, Prime Suspects, Ravenhurst, Slingo... (and this list goes on)

Q: Wait! You said you weren’t a gamer, how many hours a week do you play?

Diane: Oh, not much, maybe 10 hours a week. Is that a lot?

Q: What are your favorite games?

- wendyc: Card games like bridge, solitaire and hearts with my friends online.
juiles: Cake Mania, Diner Dash—games where I can take charge!
laurel: In grad school, I was totally addicted to Diner Dash.
kev: All of the Mystery Case File games.

Our last word: Everyone knows casual games are big business—don’t get too caught up in the hype trying to figure out how much money you can make or definitions and stereotypes of what a casual gamer should be. Creating and distributing games with fun and accessible gameplay is what casual games are all about—and what the consumers are screaming for.

Focus on Fun and the rest will come naturally.

note: names have been changed to protect the not-so-innocent

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