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## Keynote Speech

Ted Price

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# Keynote Address

*Ted Price\**

Good morning. It is a real pleasure to be here at Southern Methodist University. Recently, Ron Jenkins asked me to drop by and share some thoughts on creating company culture. As an aside, he also asked me to share some ideas about where video games are heading, and frankly, that sounded like a lot more fun to me. So today, Ron, I apologize, but I'm ditching the company culture talk in favor of making predictions. Everyone loves making predictions about this particular industry.

Of course, making predictions is dangerous because you look like a fool if you're wrong. That's why I'm qualifying my predictions by calling them four "crazy" predictions. That way, if I'm wrong, I can say "well, I told you they were crazy."

Before I make any predictions, though, I'm going to talk about where the industry is now. Currently, the industry is undergoing unprecedented and revolutionary change. Next, I will go through a few specific (and slightly nutty) predictions, but I'm going to use those predictions to illustrate what I believe are accelerating trends in our industry. Then I will attempt to bring it all together by sharing what I believe future gamers will expect from every game they play. Call it a future gamer's manifesto.

However, in deference to Ron's original request, I'll share a little bit about Insomniac so you know who we are and where I'm coming from. At Insomniac, we've been making original console IP for about 18 years now.<sup>1</sup> Our first game was called Disruptor, a first-person shooter for the PlayStation 1.<sup>2</sup> You probably haven't heard of it, but you may have heard of the next game we created. That game was called Spyro the Dragon which was a breakout hit for us and spawned two sequels.<sup>3</sup> After Spyro we created Ratchet and Clank.<sup>4</sup> We made eight Ratchet & Clanks for the PlayStation 2 and PlayStation 3.<sup>5</sup> At the same time, we created Resistance for the PlayStation 3, and last year, we released Resistance 3, our last installment of the franchise.<sup>6</sup>

We've been fortunate to sell over 38 million copies of our games so far—games which have generated over a billion dollars in sales.<sup>7</sup>

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\* Founder & CEO, Insomniac Games. Recorded version available at <http://www.youtube.com/watch?v=427i-dMT1Og>.

1. Insomniac Games, <http://www.insomniacgames.com/about/> (last visited Apr. 6, 2012).

2. *Id.*

3. *Id.*

4. *Id.*

5. *Id.*

6. Insomniac Games, *supra* note 1.

7. *Id.*

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Today, we have several unannounced projects in the works, but we've been branching out in response to changes in the industry. Despite the fact that we've been a PlayStation developer for almost two decades, we recently began *Insomniac Click*—a division creating social games.<sup>8</sup> Also, we're working on *Overstrike*—a new Insomniac-owned IP for Xbox 360 and PlayStation 3.<sup>9</sup> We've also won some cool awards for our workplace and culture along the way.<sup>10</sup>

Given what's happening in the industry now, this success means far less than it used to. Very little of what we traditional developers have learned over the past two decades is even relevant. The rules are different now. You only have to go back six years to see an industry that barely resembles what we know today. Six years ago in the fall of 2005, the year the Xbox 360 launched, consoles ruled the day.<sup>11</sup> Between Sony, Microsoft, and Nintendo, there were 140 million consoles in homes around the world.<sup>12</sup> Most games were distributed at brick-and-mortar retailers, and customers were paying sixty dollars for them. Social networks were in their infancy. Facebook was in its second year of existence and wasn't even a blip on the radar.<sup>13</sup>

Smartphones were just getting going with very few available, and even though there were plenty of non-smart phones available, the games for these devices were primitive and not particularly popular.

In 2005, it looked like we were about to have a comfortable repeat of the previous decade—one in which three consoles along with the PC dominated the game market and where high budget, high priced AAA games would continue to sell to a dedicated gamer audience, a group who was willing pay a LOT for the deepest, best, high quality game experience. Had history continued the way we expected, many of us would have already released our first so called “next gen” games on yet another wave of Sony, Microsoft, and Nintendo consoles last year. But, of course, things didn't go as expected.

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8. Insomniac Games, <http://www.insomniacgames.com/games/insomniac-click/> (last visited Apr. 6, 2012).
  9. Insomniac Games, <http://www.insomniacgames.com/games/overstrike/> (last visited Apr. 6, 2012).
  10. *Insomniac Wins 13th Great Place to Work Award*, Insomniac Games, <http://www.insomniacgames.com/category/news/> (last visited Apr. 17, 2012).
  11. See Press Release, Microsoft, *Xbox 360 Ushers in the Future of Games and Entertainment*, (May 12, 2005), <http://www.microsoft.com/presspass/press/2005/may05/05-12360mtvunveilpr.mspx>.
  12. See Matt Richtel, *Game Maker Cuts Forecast as Industry Seems in Slide*, N.Y. TIMES, (Dec. 21, 2005), available at <http://www.nytimes.com/2005/12/21/technology/21game.html>.
  13. *Facebook*, CrunchBase, <http://www.crunchbase.com/company/facebook> (last visited Apr. 6, 2010).

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Now, in 2012, we're looking at a completely different industry. In six short years, Facebook has changed the way we live our lives. Today, Facebook has 800 million users.<sup>14</sup> With 230 million of those users playing games,<sup>15</sup> Facebook has created an entirely new class of gamers—one that dwarfs traditional gamers in terms of sheer mass.

In those same six years, smartphones have taken off and created the most convenient and ubiquitous platform in the world for games. With over 350 million smartphone subscribers,<sup>16</sup> we've seen the birth of a game market that, like Facebook, dwarfs what consoles offer. Like the over 200 million gamers on Facebook,<sup>17</sup> these mobile players aren't willing to shell out sixty dollars for their games. Plus, both audiences expect their games to be updated all the time. And, while six years ago digital distribution of gaming content existed on a miniscule level, over the last six years digital distribution has gained incredible momentum with the advent of Steam and other PC systems, PSN, smartphones, and now cloud services like OnLive and Gaikai.<sup>18</sup> No longer do you have to go to Best Buy or wait for your Amazon box to arrive. You download what you want, when you want it, and for the most part, you're not paying sixty dollars for your games.

These are just a few of the upheavals that are throwing traditional developers for a loop right now. Gone are the days where we could look ahead a few years and safely predict what people might be playing. Gone are the days where we can ship a game on a disc, forget about it, and move onto what's next. And gone are the days where we can expect players to shell out sixty dollars every time.

So, for the first time in a long time, it's extremely difficult to determine which way to jump. Do we traditional developers and publishers stick with what we've been doing and cross our fingers? Or do we close our eyes and take a leap of faith into these new markets? That's the 100-million-user

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14. Facebook, Inc., <http://newsroom.fb.com/content/default.aspx?NewsAreaId=22> (last visited April 2, 2012).

15. See Michael Fitzgerald, *Game Over: Can Harmonix Return to its Guitar Hero Success?*, Boston Magazine, (Dec. 2011), available at [http://www.bostonmagazine.com/articles/game\\_over\\_can\\_harmonix\\_return\\_to\\_its\\_guitar\\_hero\\_success/page2](http://www.bostonmagazine.com/articles/game_over_can_harmonix_return_to_its_guitar_hero_success/page2).

16. See BusinessWire, *Research and Markets: Worldwide Smartphone Markets: 2011 to 2015*, (August 26, 2011), available at <http://www.businesswire.com/news/home/20110826005231/en/Research-Markets-Worldwide-Smartphone-Markets-2011-2015>.

17. See Michael Fitzgerald, *Game Over: Can Harmonix Return to its Guitar Hero Success?*, Boston Magazine, (Dec. 2011), available at [http://www.bostonmagazine.com/articles/game\\_over\\_can\\_harmonix\\_return\\_to\\_its\\_guitar\\_hero\\_success/page2](http://www.bostonmagazine.com/articles/game_over_can_harmonix_return_to_its_guitar_hero_success/page2).

18. SarjuS, *Streaming Games—OnLive, Gaikai, OTOY. Anyone else?*, Game Spot (Mar. 26, 2009), available at <http://www.gamespot.com/news/streaming-games-onlive-gaikai-otoy-anyone-else-6233974>.

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question. This uncertainty has lately spurred plenty of big bets and surprising successes. For example:

EA buying PopCap, a company making casual games, for almost a billion dollars.<sup>19</sup>

Tencent, a giant Chinese game publisher, buying Riot Games for 400 million. Riot, by the way, has released one game with one level. It's an awesome game too.<sup>20</sup>

Zynga, a company who makes their free 2 play games with a development cycle of a few weeks, raising \$1 billion in its initial public offering ("IPO").<sup>21</sup>

My 65-year-old mom playing a game about birds and pigs on her phone.

Six years ago, very few of us could have imagined these things. Looking ahead, it gets even more difficult to imagine how we can possibly predict what's going to happen over the next six years.

Fortunately, this gives me some justification for putting forth the following four crazy ideas. So here we go.

#### PREDICTION 1:

It's late 2014. India suddenly becomes the #1 market for games, beating every other country by a margin of 2 to 1 in a matter of months. This explosive growth is spurred by one innovative mobile game launched two years from now. The game is called MyCow and runs on every smart mobile device on the market. In the game, users must raise a cow from calthood and keep it happy. Now, the concept itself isn't novel at all. It's basically another virtual pet program for smartphones. With cows. However, what *is* novel is that the smartphones on which it's primarily played AND a limited amount of monthly airtime for those phones is paid for by local real world farmers and merchants.

In other words, activated smartphones are handed out for free to anyone who wants one. The catch is that, in the game, players must use locally-branded virtual goods to keep their cows healthy and happy. The players must also watch local ads periodically as part of the raising process. If the cow dies, the smartphone's airtime is cut off. If users go over their allotment of airtime, they've got to watch more ads or pay for the phone. Gamers who have some extra cash can pay for virtual buffs to make their cows super

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19. Robert Purchase, *EA Buys PopCap in Billion Dollar Deal*, EUROGAMER.NET, (July 13, 2011), available at <http://www.eurogamer.net/articles/2011-07-13-ea-buys-popcap-in-billion-dollar-deal>.

20. David Murphy, *Tencent Acquires Riot Games (and League of Legends) for \$400M*, PCMAG.COM, (Feb. 5, 2011), available at <http://www.pcmag.com/article2/0,2817,2379503,00.asp>.

21. Evelyn M. Rusli, *Zynga's Value, at \$7 Billion, Is Milestone for Social Gaming*, N.Y. TIMES, (Dec. 15, 2011), available at <http://dealbook.nytimes.com/2011/12/15/zynga-raise-1-billion-in-i-p-o/>.

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happy (the farmers and game company split the take). Even better, through the game, players can buy real-world goods from the real Indian merchants and farmers who sponsor the phones.

Consumers are happy because they get a free smartphone. All you have to do is raise a virtual cow to get a smartphone, and heck, raising it is kind of fun. Especially if you get to dress it up. Farmers and merchants are happy because they've got a direct pipeline to local consumers, most of whom don't have a TV and don't read the paper. As a result, smartphone penetration skyrockets in India which makes it the #1 market in the world for mobile games. Better, the game hits big in Africa, Indonesia, and Brazil, where a large percentage of the population is still impoverished and where the society is primarily agricultural.

By 2015, 70% of the world's population has a smartphone thanks primarily to MyCow, and almost instantly, much more of the world's population is gaming.

Could this happen? Okay, it's a crazy idea, but I'm using it to illustrate a few trends:

#### A. Trend 1:

First is the rise of the global HiDef gamer. Worldwide, there is a huge gap between smartphones users and non-smart phone users. In India, for example, there are only 33 million smartphone users out of almost 1 billion mobile subscriptions<sup>22</sup> in a population of 1.2 billion people.<sup>23</sup> That's a HUGE gap. And, worldwide, there are only 350 million smartphone users<sup>24</sup> out of almost 5 billion mobile subscribers.<sup>25</sup> But, according to Berg Insight, by 2015 the number of smartphones is expected to grow to almost 3 billion (2.8 billion).<sup>26</sup> This will lead to largest potential game audience in history.

This leads to the bigger point that in a few years, almost half of the world's population will own a high definition gaming platform in the form of a smartphone, a tablet, a PC a dedicated gaming device, or perhaps a smart

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22. *OSC Media Aid: Overview of Leading Indian Social Media*, Open Source Center 1, 10 (2010), <http://www.fas.org/irp/dni/osc/india-social.pdf>.

23. Harmeet Shah Singh, *India to Capture 1.2 Billion Population in New Digital Census*, (March, 28, 2012), available at [http://articles.cnn.com/2010-03-18/world/india.population.register\\_1\\_prime-minister-manmohan-singh-corruption-external-affairs-ministry?\\_s=PM:WORLD](http://articles.cnn.com/2010-03-18/world/india.population.register_1_prime-minister-manmohan-singh-corruption-external-affairs-ministry?_s=PM:WORLD).

24. Applied Global Technologies, <http://www.appliedglobal.com/become-a-partner> (last visited Apr. 7, 2012).

25. *Over 5 billion mobile phone connections worldwide*, BBC News Technology (July 9, 2010, 7:23 PM), available at <http://www.bbc.co.uk/news/10569081>.

26. Zach Epstein, *Berg: Smartphone Shipments Grew 74% in 2010*, BGR.COM, (Mar. 10, 2011), available at <http://www.bgr.com/2011/03/10/berg-smartphone-shipments-grew-74-in-2010/>.

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TV with an integrated high-end graphics card. What does that mean for game developers? Big opportunities.

### **B. Trend 2:**

The second trend is the rise of free 2 play. MyCow, like most mobile apps today, is distributed for free. For most of the last two decades, if you've wanted a game, you've paid full price. Forget free. And most haven't been available on demand unless you call driving to Gamestop "on demand." However, over the last few years, there has been an explosion of freemium and free 2 play games. Some of these games are ad-supported with sponsors footing most of the bill. Some games are feature-limited or time-limited—if you want to experience the full game, you've got to pay. Many games offer purchasable premium items which will help you progress or allow you to show off for your friends.

The irony is that games are catching up to the rest of the world when it comes to free 2 play. Look at mainstream entertainment. Today, most entertainment is free and on demand, and there are plenty of online services providing you with whatever you want wherever you are. But, if you want a premium experience, you pay for it (for example, Pandora without ads, premium shows, and movies on Hulu). When it comes to mainstream entertainment, you only pay for what you want. If you don't want to buy the whole album on iTunes, then no problem. Buy a song.

This is how Generation Z, our future audience, understands the world, and we're finally starting to recognize it.

### **C. Trend 3:**

The third trend supporting MyCow is the growth of frictionless purchasing. The idea behind frictionless purchasing is that we make it as easy as possible for gamers to purchase content in our games. We've come a long way from where we were in 2005. We can purchase digital content through all sorts of portals, and we're seeing some fantastic in-game stores, especially on mobile and Facebook. Of course, Facebook games are essentially built around their stores.

The big challenge we developers face is that, for the most part, purchasing isn't frictionless. We're purchasing Facebook credits, Microsoft points, etc. There's plenty of room for improvement here. One more reason to push harder for frictionless purchasing in our games is that the world is getting ready to explode when it comes to contactless mobile payments. In other words, using your phone to pay for real world goods and services is happening.

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According to Berg, the total value of worldwide mobile payments in 2015 will be \$215 billion.<sup>27</sup> In particular, these mobile payments for real world goods and services will be incredibly important in emerging markets. This is because of the proliferation of low cost mobile phones combined with the fact that over half of the world is unbanked. Will this use of a phone as a wallet lead to more people worldwide making in-app purchases for free 2 play games? With the rise of emerging markets like India, China, Brazil, and Africa, it seems likely.

#### **D. Trend 4:**

The fourth trend supporting MyCow is that real goods are available in virtual worlds.

Let's really go out on a limb—will there be more opportunities to sell real world goods in games? If buying virtual goods in-game becomes frictionless, buying real world goods shouldn't be much different. We're already seeing some interesting approaches to this. For example, a company called Kiip offers real-world rewards in the form of coupons and deals when players accomplish something cool in a Kiip-enabled mobile game.<sup>28</sup> So, imagine games where you have instant access to virtual *and* real goods. Instead of buying that snazzy Vera Wang virtual dress for your avatar (or your cow), you can buy the real-life version in the game.

These real purchases will add something legitimate to the player experience. Something tangible that will survive beyond the game.

#### **PREDICTION 2:**

In 2015, one year after MyCow's debut, Equifax, Transunion and Experian collectively announce a new ratings system based on virtuality and game-related activities. It's called your iD-entity (pronounced "identity"—it just looks funny). Using extremely sophisticated, top-secret algorithms, the iD-entity score combines your online social networking prowess, your online gaming achievements, and the ratings others give you to help assess risk.

The theory is that those who are trusted in the online world AND who have a high level of achievement and reputation in games are more credit worthy. Independent studies end up proving that those with a high iD-entity score tend to pay on time and don't overextend themselves. This secondary score eventually creates a plus or minus effect of up to 100 points on one's credit score.

At first, the iD-entity score accesses publically available data such as the number of followers you have on Twitter, the people who have you in their Google+ circles, and your Call of Duty ranking. But, as the iD-entity

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27. Zach Epstein, *Berg: Mobile Payments Set to Take Off in Emerging Markets*, BGR.COM, (Aug. 21, 2012), available at <http://www.bgr.com/2011/05/27/mobile-payments-set-to-take-off-in-emerging-markets-berg-finds/>.

28. Kiip, <http://www.Kiip.me/> (last visited Apr. 6, 2012).



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score takes off, Facebook opens its data to the big three. Games begin sharing their non-personal stats. Within a year, your iD-entity score becomes a true worldwide social yardstick. People tweet and post incessantly about their iD-entity scores. Employers check it before making hiring decisions. Dating sites use it to filter applicants, and at parties, the most often asked question is “what’s your ID score?” Gamers, of course, jump on the train, working even harder to on their achievements. Twelve-year-olds stop being such smartasses in high profile multiplayer games after learning that their futures depend on their iD-entity score. Game design is affected as developers strive to create achievements that will be recognized by the iD-entity score algorithm. These games track more and more data which they share with the big three. Pretty soon, having a game *rumored* to substantially contribute to your iD-entity score is far more important than your game’s Metacritic rating.

So could this happen?

It’s hard to say whether or not mortgage bankers would accept such a score as meaningful, but plenty of us today place great value on the numbers of followers we have on Twitter, the “likes” our products get on Facebook, or the fact that we’ve earned the “hard worker” achievement in Skyrim. With sites like Klout, there are already aggregators for one’s social status—pulling from Facebook, Twitter and Google+ activity.<sup>29</sup> This particularly crazy idea illustrates a few more trends that are relevant to games:

#### **E. Trend 1:**

The first is innovative use of real-time stats.

When we play a game, we’re *doing* something every second. Our player actions generate data which is used in real time by the game itself to make stuff happen in the game. Shoot an enemy and it falls down—that’s data. However, until a few years ago, most games were closed systems. Like Vegas, anything that happened in the game, stayed in the game. This began to change with multiplayer games where it was necessary for your PC or console to send data to other players so that they could see what your character was doing on their screens. While multiplayer games generated player stats that could be posted to leaderboards, no one really did much with them. However, recently, Facebook has changed everything when it comes to statistics. Many Facebook games track every move every player makes every second. For some games, this results in BILLIONS of data points. Facebook games are USING this data to change games on an almost daily basis.

Take MyCow. Maybe players are ignoring high heels for their cows because they just don’t understand how a cow would be comfortable in high heels. However, fuzzy slippers are HOT. “So, okay,” we say, “next week, let’s make sure we’re giving players five different versions of fuzzy slippers

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29. Klout, <http://klout.com/understand/score> (last visited Apr. 7, 2012).

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and see if the trend continues.” Does it work? Well, we find out pretty quickly by analyzing the statistics. Wash, rinse, repeat.

#### **F. Trend 2:**

The second trend ID-entity illustrates is the fact that games should soon start to take advantage of players’ lengthening data shadows.

As many in the internet business know well, we leave a trail of metadata with everything we do. We all have growing data shadows. ID-Entity uses this shadow. It aggregates and analyzes data from a number of different sources to provide something very personal for every “player.” This is a huge opportunity for games.

Here’s a simple and somewhat silly example to illustrate my point. We create a new adventure game called MyCow Adventure. In the game, you have the standard options. Adam is an avid MyCow adventure player. However, he spends a hell of a lot more time in the store than he does in co-op. In fact, he buys a crazy amount of silk scarves for his cow. We know this because we’re collecting statistics on everything Adam does. When we release MySheep Adventures, which of course Adam buys, though we use the data from MyCow to personalize the experience for Randy. What shows up at the top of the menu for Adam in MySheep Adventures? The store, of course. For Adam, and anyone who fits the same data profile, we make sure that the store is first. The same goes for any other game we make and that Adam buys from us.

So far, it’s not clear that many games actually use such data to personalize the player’s experience, but it’s coming.

#### **PREDICTION 3:**

Okay, let’s move on to the third crazy idea.

In the 2016 U.S. presidential election, Mark Zuckerberg becomes the first write-in candidate ever to win. Affiliated with no particular party, Zuckerberg takes advantage of the fact that 300 million Americans have a Facebook account in 2016. Instead of participating in televised debates (which are ignored by most voters in 2016), he holds an open dialogue with voters on Facebook and other social networks. Frustrated with the continuing debt crisis and fed up with rampant bipartisanship, Americans listen to what Zuckerberg has to say, but what really seals the deal is that Zuckerberg has one of the highest iD-entity scores around. The giant voting block of Generation Z and Generation Y adults, 95% of whom are gamers, see the other candidates as completely out of touch. Plus, the other candidates’ iD-entity scores suck.

In a radical move, Zuckerberg’s first act as president is to hire a panel of game designers to gamify the debt problem. The designers create a social game called Debtville. In the game, players are encouraged to use crowd-sourcing to provide innovative solutions for the debt. The highest-rated solutions provide iD-entity score boosts for the participants. Solutions that are actually implemented result in a lower income tax rate for the players.

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The game continues to expand in scope, and citizens tackle and solve problems as diverse as the energy crisis and internet censorship. The game's concept itself is novel which garners it a lot of attention, but what makes it work practically is, first, it speaks directly to Generation Z's affinity for sharing. Millions of young adults self-organize in online clans to attack the game's challenges. This happens almost overnight since these gamers have grown up sharing everything about themselves online. They can draw on vast social networks of friends they may not have met face-to-face but with whom they have shared other gaming experiences.

The second practical reason the game succeeds is that it's available on any device, anywhere, anytime. And while the interface to the game may be different for different devices (touch screen versus joystick), gamers are always connected to the game's world. They can always pop in to share a new idea and boost their iD-entity scores.

Ultimately, a fifth grade class in White River Nebraska solves the debt problem by proposing a clever mixture of government privatization, elimination of physical currency, a universal login for every person and free cookies on Fridays. Since none of the class can take advantage of the income tax rate reward, President Zuckerberg gives each a free lifetime subscription to BattleCow, the highly popular successor to MyCow. BattleCow is now published by megacorporation Blizynga, a highly profitable merger of Blizzard and Zynga which has allowed them to purchase the rights to the IP.

Could this happen? Well, it would be nice to see political figures recognizing the vast intellectual capital that exists in the United States, and what better way to harness that creative energy than in the form of a game? But, regardless of how President Zuckerberg attacks the debt problem, here are a couple of trends that *could* support such a future:

### G. Trend 1:

The first trend is meaningful integration of social hooks.

While most games have their own friend lists or rely on closed systems like PSN,<sup>30</sup> Xbox Live,<sup>31</sup> or Steam,<sup>32</sup> there's no getting around the fact that, today, almost all players are a part of larger social networks—generally, Facebook. While Facebook games are built around this idea, most console games and PC games are just starting to take advantage of the fact that we've probably got more friends on Facebook than we do on PSN, Xbox Live, and Steam combined. The challenge is in making the integration mean something for the game itself. There are a few games on consoles that do this already by enabling you to join your Facebook friends in games, create clans with your Facebook buddies, earn bonus content in different versions of the

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30. PlayStation Network, [http://us.playstation.com/psn/#?psnId=network\\_psn](http://us.playstation.com/psn/#?psnId=network_psn) (last visited Aug. 21, 2012).

31. Xbox Live, <http://www.xbox.com/en-US/live/> (last visited Aug. 21, 2012).

32. Steam, <http://store.steampowered.com/> (last visited Aug. 21, 2012).

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game and even share in-game rewards through Facebook, but we're still at the doorstep of what's possible. There is so much more designers can do encourage sharing experiences, rewards and challenges through existing social networks. It's going to become the norm.

#### **H. Trend 2:**

The second trend is ubiquitous gaming, and by ubiquitous gaming, I mean games available anytime, everywhere.

Generation Z, those who were born between 1995 and 2010, have grown up in a connected world. They make no distinction between a TV, a PC screen, a tablet, or a smartphone. They can access whatever they want when they want it wherever they are, and they spend a LOT of time with media. In fact, according to a 2011 Youth Pulse study, Generation Z spends 15 hours a DAY accessing media of some sort. That's twice as many hours as they sleep. The majority of this time is listening to music or surfing the internet, but whether they're listening, watching, or playing, they're moving seamlessly between whatever device is available.

The irony is, as an industry, we're still living in a world where most games only exist on a couple of platforms at once. The games that will truly engage up-and-coming gamers will offer the chance for them to stay connected with their game worlds every minute on every device. Our players are ready for this, but unfortunately, we aren't. Not yet.

#### **PREDICTION 4:**

Aliens invade the earth and enslave humanity. Really, it could happen. Why do you think so many games have this theme? Game developers are trying to tell you something. . .

Okay, maybe not. Let's try a different one.

#### **PREDICTION 4 (TAKE TWO):**

Assuming aliens don't wipe out the human race, here's my real last prediction.

In 2018, midway through President Zuckerberg's term, the Bill and Melinda Gates Foundation establishes Universus—a worldwide virtual Kindergarten through 12th grade school open to anyone in any country. The school is accessible any time on any device. Fortunately, thanks to the BattleCow phenomenon, almost every kid in the world has a smartphone and can attend for free. While the curriculum includes all of the standard subjects, it's not your standard school. In fact, it's structured as a Massively Multiplayer Online Game ("MMO"). The Gates Foundation actually partners with mega-corporation Blizynga to create the game. Using their vast experience in the world of MMOs and social gaming, Blizynga drops the standard linear teaching approach employed in today's schools and allows players to choose their own paths for advancement.

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It's a radical approach and blasted by teachers in America as heresy, but students join by the millions. Students learn physics by collaborating on designing starships they'll fly in virtual combat. Basic economics and math are instilled as students compete to build their own robust civilizations. More importantly, the game tracks every student's move and can adjust itself for individual learning curves. Thus, students are provided with the kind of custom-tailored curricula very few can get in the real world. The students are rewarded for progress with social status through better iD-Entity scores. They also earn both virtual and real-world goods generously donated by major corporate sponsors. What keeps players coming back, though, isn't just the fun factor and the rewards. It's the constant stream of fresh content provided by the game. Every day, new quests and enemies are added to the game. Students check in constantly to look for new challenges and new rewards. Learning rates in every country skyrocket.

In 2040, by the time the first graduates of the school are in their 20's, they will become known as the Game Changers due to the disproportionate amount of ground breaking discoveries and accomplishments they make benefiting all of humanity.

Now that's a future I'd really like to see.

So is this possible?

Educational MMOs aren't new. Some have been sort of successful and some not successful at all. For example:

GoVenture World, a Sims-like experience teaching business concepts;<sup>33</sup>

NASA's Moonbase Alpha, a MMO which challenges players to collaborate and solve crises during a lunar operation;<sup>34</sup> and

The Khan Academy, my favorite.<sup>35</sup>

The point of this example is to illustrate two more growing trends:

## **I. Trend 1:**

First, constant content. In my fantasy future, students keep coming back to *Universus* because, like a few games we see today, it's constantly evolving. It's a great example of a game as a service versus a commodity.

Today, very few games offer the kind of constant content necessary to keep players engaged for more than a few weeks. While Facebook games and mobile apps are setting a very positive trend here, traditional games haven't made the leap. That's not to say traditional games don't have content drops. They do more and more frequently. Setting up a pipeline that sup-

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33. GoVenture, <http://www.goventure.net/aboutUsSimulation/AboutUs.aspx> (last visited Apr. 7, 2012).

34. Moonbase Alpha, <http://www.nasa.gov/offices/education/programs/national/ltp/games> (last visited Apr. 7, 2012).

35. KhanAcademy, <http://www.khanacademy.org/> (last visited Apr. 7, 2012).

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ports a continuous stream of fresh content is a new concept for big budget games and most of us are wrestling with the challenge.

Still, most of us have realized that for us to keep players coming back to our games (and to generate more revenue), we have to put out fresh content at a rapidly accelerating pace. Just a few years ago, we'd fire and forget. We'd rely on big initial sales to offset development and marketing costs and hopefully provide a profit for us and our publisher, but that model only works if you've got a hit. If your initial sales suck, you're screwed.

Here's an example of the sales curves console developers have been used to seeing—if *they're lucky*, and this demonstrates a pretty optimal situation—releasing in the fall with big preorders hitting on day one. For most console games, the curve takes a downward turn even sooner.

Releasing downloadable content (“DLC”) helps change that curve a bit. Again, if you have a hit.

Of course, constant content is only relevant if you have a well-received game in the first place, but you need to be ready to support whatever you release. The big step that many of us have been missing is to think ahead about how we will keep our game worlds alive for players by providing meaningful content *after* launch. It's easy in theory, but difficult in practice. Hence the console industry and even the mobile games industry is still stuck in the “games as a commodity” mindset.

Whether we like it or not, the audience has moved beyond the idea that games are a commodity and *expects* games as a service.

## J. Trend 2:

The second trend is that lines between games and everything else are getting blurry. As we know, games are everywhere and being played by everyone. If you're under the age of 18 in the United States, according to Pew Research, you're playing videogames.<sup>36</sup> Or, at least all but 3% of you are.<sup>37</sup> And if you're older, according to the Entertainment Software Association (“ESA”), you're still playing.<sup>38</sup> Is this surprising? Not really. Every electronic device we use for communication or entertainment now features games.

What do you do when you're waiting for your dry cleaning or at the gas pump? Or maybe on a conference call? Well, if you're not checking your Facebook status, you're probably playing Words With Friends<sup>39</sup> or Hero

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36. PewResearchCenter The Databank: 97%—Video Gamers Galore, <http://pewresearch.org/databank/dailynumber/?NumberID=787> (last visited May 21, 2012).

37. *Id.*

38. Entertainment Software Association: Industry Facts <http://www.theesa.com/facts/index.asp> (Last visited May 21, 2012).

39. Words With Friends, <http://www.wordswithfriends.com/> (last visited Aug. 21, 2012).

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Academy.<sup>40</sup> At least I am. But the reality is that we're seeing the lines blur when it comes to what is and isn't a game. Whether we're talking about working out, education, retail, or even gas consumption, games appear everywhere now because they *engage* us better than any other approach.

With the explosion of social and mobile gaming over the last couple of years, it finally seems as though the rest of world has caught on to what we do, which makes it more likely that MyCow, ID-Entity, Debtville and even Universus could exist.

The whole world is getting ready to play.

### THE GAMER'S MANIFESTO

Bringing things back to earth, my goal here with presenting these five crazy ideas along with the trends to support them is to suggest a model for the most successful games of the future.

It boils down to what I think gamers will demand. I'm calling it the Gamer's Manifesto.

#### **K. First: My favorite game anytime, anywhere**

Whether I'm playing on my console, my smartphone, or my PC, I want to stay in my favorite game world.

I don't necessarily have to have the same exact experience on my phone as on my console, but I want to pick up and continue in some fashion no matter where I am and no matter what screen is in front of me. Thanks to the amazing speed at which mobile and browser technology is improving, we'll see more and more parity between what you see on your TV or PC monitor and what you can hold in your hand. And, thanks to always connected devices which take advantage of the cloud<sup>41</sup> for universal saves, why shouldn't we be able to continue or game any time anywhere?

We're seeing a start for ubiquitous gaming with OnLive and Gaikai.<sup>42</sup> With both now available on iOS, it's almost like you can play your same game on multiple devices, but not really. There are big limitations to how those services currently work. We can and need to take things much farther.

#### **L. Second: My games are made for ME (and my friends)**

Players generate an enormous amount of statistics second to second. Facebook games are demonstrating that it is possible to aggregate, analyze, and use those statistics to modify the game experience. Services like

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40. Hero Academy, <http://www.robotentertainment.com/games/heroacademy/> (last visited Aug. 21, 2012).

41. See Apple iCloud, <http://www.apple.com/icloud/> (last visited Apr. 8, 2012).

42. SarjuS, *Streaming Games—OnLive, Gaikai, OTOY. Anyone else?*, Game Spot (Mar. 26, 2009), available at <http://www.gamespot.com/news/streaming-games-onlive-gaikai-otoy-anyone-else-6233974>.

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Kontagent,<sup>43</sup> Mixpanel,<sup>44</sup> and Playtomic<sup>45</sup> are popping up and providing real-time statistic services for developers who want to dive deep into what their players are doing. Why wouldn't we use those statistics to improve the game experience for players? Sure, right now they're primarily used to increase monetization, but there is so much more non-Facebook developers can do beyond the standard patches to fix bugs. With the data that's available and with the right development tools, I see a tremendous opportunity for developers to create experiences that truly grow and evolve to suit players' tastes.

### **M. Third: I pay for what I really want**

In five years, will we still see sixty-dollar games? Selfishly, I hope so. As a gamer, I want that summer blockbuster experience, and I'm willing to pay for it. As a developer, I hope so, too, because the margins on sixty-dollar games are great if you have a big hit.

However, I think the buying habits of Generation Y and Generation Z are going to continue to drive incredible innovation in the free 2 play space, and as the audience for more sophisticated games grows beyond the hardcore players, developers will have to get creative in terms of how they monetize what they make.

In many ways, the sixty-dollar game harkens back to the record album or a flat fee for monthly cable—concepts that seem archaic today. As developers, we have to be open to experimenting with different monetization strategies if we want to keep up with our players.

### **N. Fourth: Keep things fresh for me**

Whether console, PC, mobile, or browser-based, the best games will give players a reason to come back again and again.

Creating a pipeline that supports a constant flow of fresh content for each game is difficult and, in some cases, risky when you're talking about an unproven IP, but some games today are doing it well and demonstrating that it CAN be done in the hardcore space. Case in point: *Borderlands*<sup>46</sup> and, another personal favorite of mine, *Backyard Monsters*, a game that doesn't have daily or even weekly updates. In fact, *Backyard Monsters* is probably slower with updates than Zynga games, but its updates are meaningful and add more dimensions to gameplay.

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43. Kontagent, <http://www.kontagent.com/> (last visited Aug. 21, 2012).

44. Mixpanel, <https://mixpanel.com/?from=adw-mp1&gclid=CPLFvpWN-rECFYJOTAodrkwAqg> (last visited Aug. 21, 2012).

45. Playtomic, <https://playtomic.com/> (last visited Aug. 21, 2012).

46. *Borderlands*, <http://www.borderlandsthegame.com/borderlands.html> (last visited Apr. 7, 2012).



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### O. Fifth: Let me play with the whole world

Gamers are a social crew. Gamers want to play with their friends. They want to brag to, trade with, fight, support, build with, commiserate, heal, and taunt the people in their circles. They want the opportunity to demonstrate how awesome they are to the entire world using all of the mainstream social tools available.

The best games will make it mindless for players to find their friends and connect. The most globally successful games will be designed around our natural desire to play together.

### CONCLUSION

At Insomniac, these are all things we've been seriously considering for all of the unannounced games we're creating, but making the changes is not easy. For example, we're not becoming a mobile developer. At least not right now. And while we're developing social games, the majority of our team is still making traditional console games. We're still struggling to overcome two decades of thinking like a traditional developer.

However, this doesn't mean that we all can't be more open-minded about the future and the forms our games will take. In fact, to survive and to succeed, all of us in the more traditional development space HAVE to be open-minded. We have to experiment with different payment models and different ways to deliver our content. We have to figure out how to take advantage of player statistics to personalize the gaming experience. We have to innovate when integrating social hooks into our designs, and we have to figure out how we're going to make our gaming worlds playable anywhere, anytime.

In closing, I'd like to point out that I thought of these predictions as if someone were pointing a gun at my head and saying, "Predict the future now. Or else."

While this may seem ridiculous way to brainstorm, it's not if you realize that in the gaming industry, this is happening right now, every day. It's been happening for the last six years, in fact. Only hardened consumers are pointing the gun, and an entirely new crop of developers and business people are rising to the challenge. At Insomniac, we've forced ourselves to undergo this rigorous exercise and are working hard to change course accordingly.

Think about if the proverbial weapon were pointed your way—because it is. If you absolutely had to predict the future to survive in the business, what would you theorize? Better yet, how would you work to make that vision come true?

Now ask yourself this, why aren't you doing it already? What's holding you back?

The battle to make MyCow has already begun.

Are you ready for the future?