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Digital Content and the Media of the Future

What's Hot in the United States?

- **Multiplayer Online Gaming**
- **Social Network Gaming**
- **Mobile Gaming**
- **Content Piracy**

What's New and What's Not New in the United States?

- **New:**
 - **New platforms**
 - Diversification of multiplayer online games, social network games, mobile games
 - **New business models**
 - Subscription, pay-for-premium, microtransactions
- **Not New:**
 - **Content development**
 - Developers of content need to make money, protect content from infringement
 - **Content infringement**
 - Infringers need content to exploit

Multiplayer Online Games – More Than Just WoW

- **Multiplayer Online Games Diversifying**

- **Hardcore/Teen-Adult**

- Examples include World of Warcraft (Blizzard Entertainment), Lord of the Rings Online (Turbine), Warhammer Online (Mythic Entertainment)
 - World of Warcraft has more than 11.5 million subscribers worldwide, and estimated annual revenue of more than \$500 million in 2008
 - Usually a subscription-based business model

- **Casual/Games for Kids**

- Examples include Club Penguin (Disney), Runescape (Jagex)
 - Often played through a web browser
 - May be free, pay-for-premium content, or micro-transaction

Social Network Gaming – More Time Spent Online

- **Games played on platforms such as Facebook and MySpace**
- **Social networks have been around for years, but didn't initially include games**
 - **One early – and controversial – game: Scrabulous**
 - Scrabulous was an unlicensed version of the Scrabble crossword board game
 - The makers of Scrabulous were sued, and the game was redesigned and renamed Lexulous
 - **Facebook has since become a very popular platform for social network gaming**
 - Zynga, which develops games for Facebook, MySpace, iPhone, and other platforms is the largest developer of social network games
 - **Most social network games are free to play**

Last Month's Most Popular Facebook Games – Zynga at the Top

Top 25 Facebook Games for September 1, 2009						
Rank	Game	Monthly Actives	Developer	MAU Change	(Last Month)	
1	 FarmVille	33,439,207	Zynga	16,762,554	16,676,653	
2	 Mafia Wars	18,720,406	Zynga	3,499,630	15,220,776	
3	 Farm Town	18,298,995	Slashkey	3,635,049	14,663,946	
4	 MindJolt Games	16,490,304	MindJolt.com	103,307	16,386,997	
5	 Pet Society	16,022,779	Playfish	1,652,733	14,370,046	
6	 Texas HoldEm Poker	15,552,004	Zynga	353,260	15,198,744	
7	 YoVille	14,104,241	Zynga	3,827,182	10,277,059	
8	 Restaurant City	11,527,478	Playfish	3,021,323	8,506,155	
9	 Bejeweled Blitz	6,817,188	PopCap Games	922,285	5,894,903	
10	 Barn Buddy	6,059,330	TheBroth, Inc.	1,197,192	4,862,138	
11	 Sorority Life	5,443,161	Playdom	N/A	N/A	
12	 Bumper Sticker	5,346,166	LinkedIn	161,873	5,184,293	
13	 Friends For Sale	5,082,241	Serious Business	1,199,585	3,882,656	
14	 Country Story	4,016,778	Playfish	N/A	N/A	
15	 Geo Challenge	3,949,761	Playfish	-147,118	4,096,879	
16	 Brain Buddies	3,829,314	wooga	N/A	N/A	
17	 Who Has The Biggest Brain	3,696,611	Playfish	91,118	3,605,493	
18	 Word Challenge	3,480,298	Playfish	32,181	3,448,117	
19	 UNO BETA	3,165,473	GameHouse	423,733	2,741,740	
20	 Vampire Wars	3,148,303	Zynga	428,141	2,720,162	
21	 Biotronic	3,137,784	Metrogames	-890,331	4,028,115	
22	 Pillow Fight	2,982,473	Shikha	255,316	2,727,157	
23	 Chug It!	2,969,279	Offbeat Creations	N/A	N/A	
24	 Know-It-All-Triva	2,873,955	CrowdStar	-716,880	3,590,835	
25	 Waka-Waka	2,858,756	Metrogames	-807,822	3,666,578	

InsideSocialGames.com

Mobile Gaming – Gaming on the Go, and Paying for it

- Emerged as a platform after social network gaming
- Has taken off with introduction of the iPhone and iPod touch
- Although there are many free games, mobile gaming developers often charge small fees for games
- Of the top paid applications on the iPhone, many are games
- Current top games on the iPhone include:
 - Tap Tap Revenge 3 - \$0.99
 - Skee Ball - \$0.99
 - Backbreaker Football - \$0.99
 - Bejeweled 2 - \$2.99
- Games even beginning to take advantage of iPhone's phone capabilities

Twitter - Microblogging for Everyone

- **Who uses Twitter:**
 - Celebrities - @THE_REAL_SHAQ
 - Politicians - @BarackObama
 - Organizations - @UNwebcast
 - Companies - @UnitedAirlines
 - Publications - @TIME
 - Even lawyers!
- **Follow me on Twitter!**
 - @williamscoats

Content Infringement – Content Providers Still Playing Catch-Up

- **File sharing remains popular**
 - BitTorrent still the most widely used protocol on the Internet
- **But some see a move toward hosted content**
 - Crackdown on BitTorrent, the Pirate Bay, and other sharing sites has pushed pirates to start hosting content
- **Increased use of “take-down” notices**
 - Business Software Alliance issued 2.4 million takedown notices in the first half of 2009
- iTunes and Pandora have helped the music industry – finally – find a workable business model
- But infringers are often one step ahead of content providers

Implications – The Future of Digital Content is Connected

- **The move online makes the connection most important**
 - **The connection can be to the Internet, the cell phone network, or other people**
- **Content providers will continue move from one-off purchases to subscription models, pay-for-premium, and micro-transactions**
 - **These “managed” relationships between content provider and consumer have the greatest potential for durable revenue, and avoiding content infringement**

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