Gamesbeat VC panel

- **platform control**
  - Mitch Lasky
    - platforms that were tightly managed dominated
      - quality etc was higher
  - Gus Tai
    - apple & MS control = create a business opportunity for everybody else
      - vs. "open web" isn't making money
    - apple is a great place to get out, but hard to build defensibility
    - Smule is a great example of HW & SW integration (nintendo like "natural products for the platform"
    - how to integrate the web experience with the on the deck experience
- **Iphone**
  - Tim Chang
    - some measures put iPhone as TOP3 platform (# of games, # of devices)
    - NgMoco investment makes sense because a new platform is emerging
    - Ipod touch grows as fast as iPhone
    - generally invest in companies that are in the forefront of big platforms emerging
    - opportunity for startups to make the tight SW & HW integration similarly to Nintendo's products
    - XBLA has seen successes for both indies and big publishers
  - Janice Roberts
    - iPhone is a replacement for PSP
    - iPhone is not a panacea for mobile games, it is just one vertical
    - mobile games continues to be a challenging market
      - Jamdat only standout success
  - Jeremy Liew
    - XBLA is a good analogy
      - big publishers have now taken over
        - in the beginning mostly indie releases
      - porting back catalogs etc
  - Mitch Lasky
    - its the thing that the mobile industry dreamed up
    - it was hard to get into the carriers, but when you got in, it was great business
      - in some ways the walled garden was great for business
- **music games like Guitar Hero & free to play?**
  - Gus Tai
    - it is in the living room experience
      - won't happen on PC
  - Jeremy Liew
    - some people will do it, because free is such a great value proposition
- **exercise games?**
  - Tim Chang
    - using games outside of games is big potential
      - ai, robotics etc
    - Lumos Labs = brain training
    - How has Wii Fit affected your thinking?
  - Mitch Lasky
    - Wii is unique
      - Nintendo's integration of HW and SW is unique
    - game like services (e.g. Nike+ipod) are big potential
  - Cross media experiences?
    - PC & mobile?
  - Janice Roberts
    - Wii really expanded the audience demographics
      - a social experience, like Bowling
    - demographics are really expanding
    - using games for e.g. brain training is compelling
    - business & creativity need to come together for a game investment
- **how to reconcile hit driven nature with VC investing**
  - Gus Tai
    - invest in
      - create distruption
        - companies with first mover advantage
    - successful older plays
      - mobile
      - casual games publishing
    - can invest pre-launch even
  - Janice Roberts
    - how to
      - very hard to invest in a single game idea
      - build defensibility, distribution
  - Mitch Lasky
    - you still need the a great game idea
      - there two go together
      - the business side isn't sufficient alone
  - Jeremy Liew
    - it starts with one good game
    - you have to take multiple shots at the goal
      - the cost of those shots is the key
        - can you iterate rapidly, cheaply
        - VC backed companies have to take these shots at 10-100k range
- **how to create traction on these open platforms**
  - Janice Roberts
    - it's a democractic market
      - hard for a companies to standout
    - see a lot of iphone & social games startups
      - not that much Club Penguin copies
    - what's the long term way to create value?
  - Tim Chang
    - are you running disneyworld or night club
      - most nightclub get sold when they are at their peak
    - VCs need platform, defensible position
      - needs to be like disneyworld
    - business model & distribution disruption
  - Jeremy Liew
    - investing game factories, scaleable businesses
      - platform play
      - studio plays can also work
        - building IP
          - exciting for him
      - can't invest in something "just a couple of guys and a game idea"
        - great lifestyle business though
- **what investment are you making right now**
  - Mitch Lasky
    - 2-10 Million
    - A & B rounds
    - interested still in social space, increasingly about payments
    - really love the games business
  - Gus Tai
    - 2-10M
    - A-B series
    - some new angle for distribution, content monetization
  - Janice Roberts
    - 2-10M
    - A-B series, might consider later
    - invested in Acclaim, Playfirst, a couple of times in mobile
    - social games in various forms
    - demographics:
      - casual gaming women & families, kids
      - cross-platform & multiple monetizations
  - Tim Chang
    - 0,5 - 15 M
    - enterprise gaming, healthy gaming
    - looking at
      - infrastructure, payments
        - AI
  - Jeremy Liew
    - same size & series
    - interested
      - people building game factories
      - helping successful game expand
- **virtual worlds**
  - Tim Chang
    - do virtual worlds tap out a particular size
    - glorified 2d/3d chat rooms tap out 35-45M$ revenue
  - Jeremy Liew
    - 2nd life & habbo tapped out higher
      - note: Sulka Häro said Habbo grew 40% last year
  - Gus Tai
    - bullis or bearish?
    - hjrad to start a new one
  - Tim Chang
    - they are going white lable
- **Panellists**
  - Jeremy Liew, lightspeed
  - Tim Chang, Norwest
  - Gus Tai, Trinity
  - Janice Roberts, Mayfield Fund
  - Mitch Lasky, Benchmark
  - Mark Fiedler, Worlds and Games
    - moderator
- **is investing in games good business, where are the bets?**
  - Mitch Lasky
    - games holding up
    - new internet models well suited for investment
    - look for
      - highly scalaeable customer acquisition
      - monetization
      - building good business value
      - great companies, great leaders
  - Gus Tai
    - traditional game publishing is no different from newspaper publishing
      - = broken
    - consumers want entertainment anywhere, all the time
    - is content broken?
      - behavior of twitter (instantness) - impact on games?
      - how does content shift to realtime creation
  - Jeremy Liew
    - game dev times have increased
    - enormous explosion of content creation in web 2.0
      - starting to see the same in games
        - building great game experiences a lot cheaper
          - cheaper, more experimentation
  - Janice Roberts
    - definitely interested
    - a very busy sector, so much going on, new approaches
    - think about
      - customer interface
      - marketing
      - acquisition
      - business
  - Tim Chang
    - investors in game industry distribution disruption
      - not investors in games per se
    - gaming is in a cross-roads
      - redefining publishers, labels, studios
    - applying game mechanics outside of games is a big opportunity
      - e.g.. virtual goods
- **Social gaming**
  - Jeremy Liew
    - social gaming is not a category
      - relying only on viral distribution is fundamentally flawed
        - it is a tactic
        - it is great, but not sufficient alone
          - e.g. bulk of Zynga's customers are aquired by traditional advertising
          - reduces acquisition costs
    - in the portal days, sites first got distribution thru portals but eventually brought everybody to their own standalone site
    - fraud is really only a problem in the secondary market
      - primary market (publisher -> user) is fine
    - the user identifies with the game (user id), not with the payment processor
      - this causes issues: do I use LiveGamer, PayByCash etc account
  - Mitch Lasky
    - a really interesting market
    - lowers marketing costs
    - cutting middle men out
      - publishers
    - it is a customer acquisition pathway
    - **a lot of companies try to get people from SocNet to their standalone site**
      - afraid that platform providers might start levying taxes, increasing control
    - best payment methods harmonize with the user experience
      - like Adsense (contextual advertising)
      - virtual goods are in context, and are appropriate for the game experience
    - when there 10k games on iPhone, tons of social games, what is that creates value?
      - **re-aggregation needed**
        - creates value from investment perspective
  - Tim Chang
    - a convergence of social media and games
      - people from both sides are learning from each other
    - virtual goods is the "new advertising"
      - it's on everybody's slides
  - Gus Tai
    - the social aspect is a source of always fresh content
      - user created content
      - social mechanics
    - great technique to launch games
    - simplify the payment process
      - offer just a couple of options
      - read books on how to price
  - Janice Roberts
    - virtual goods is a big market (1,5 bn?)
    - new payment methods drive the virtual goods market
    - fraud was a HUGE issue
      - current payment providers are getting this sorted
        - customers regaining trust in paying online
    - virtual goods are good, because it allows you to buy as much or little that you can/want
  - moderator
    - the new payment and distribution methods are
    - why is this space so fragmented?