

NEW YORK FILM ACADEMY

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ONE-YEAR GAME DESIGN

Game Analysis: Industry

Course Number:

GDSN220

Instructor:

Joost Rietveld, gjr269@nyu.edu

Office Hours: By Appointment

Credits:

1.5

Course Length:

1 class per week (3 hrs total) for the 15-week semester.

Course Description:

Embodying traits from creative industries, platform markets, and technology-driven industries, the market for video games is very unpredictable and the stakes are high. Market performance for video games is skewed towards few highly successful firms and products – while others fail. Digital distribution on traditional video game consoles (i.e. Wii U, Xbox One and PS4) as well as on non-dedicated game devices (e.g. iDevices, Android and social networks) have added an additional layer of complexity for games publishers. Firms can now bundle and unbundle content as they see fit. This has led to games bundles, longer product lifecycles and a vast array of business models to choose from including premium, freemium and platform-based business models.

Such uncertainty and complexity means that today's Rovio could well be tomorrow's THQ. This course aims to acquaint students with 'the rules of the game' from a business perspective. Students will see the world through the publisher's eyes and learn about tactics deployed to deal with and reduce the uncertainty surrounding the business of games. We study games at the industry level, firm level and at the product level. Students are exposed to these topics via (guest-) lectures, exercises, and assignments. Students will leave the course with a practical and theoretical understanding of game publishing applicable to mobile games, console games, and social network games.

Prerequisites: None

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Student Learning Objectives:

Upon successful completion of this course, students are expected to be able to:

1. Analyze the current market for games as a:
 - a. Creative industry
 - b. Platform-market
 - c. Technology-driven industry
2. Display an understanding of the power structures between various industry actors
3. Predict - at a baseline level – triple A games' market performance
4. Recognize the complexities and opportunities offered by digital distribution
5. Display knowledge of how different business models for games operate
6. Write a business plan tailored to particular game content

Instructional Methods:

This course is taught using a variety of instructional methods, including (guest-) lectures, class seminars, student presentations, small group work, and electronic discussion (email and Confluence wiki.)

Reference Materials & Supplies:

Digital copies of each week's mandatory and suggested readings will be provided by the course leader and will be posted to Confluence. However, students are encouraged to immerse themselves in the business of video games by reading web sites such as the ones listed below:

- Market for Computer and Video games (MCV): <http://www.mcvuk.com>
- Games Industry Biz: <http://www.gamesindustry.biz/>
- Game Tycoon: <http://www.edery.org/>
- SuperData Research (subscribe): <http://www.superdataresearch.com/>
- Edge Online: <http://www.edge-online.com>
- Gamasutra: <http://www.gamasutra.com>
- GamesBeat: <http://venturebeat.com/category/games/>
- GamesBrief: www.gamesbrief.com
- Inside Social Games: <http://www.insidesocialgames.com>
- Weekly UK sales charts (console): <http://www.chart-track.co.uk/>
- EEDAR: <http://www.eedar.com/>

Attendance & Electronic Device Policy

1) All students will come to class prepared to work. This includes not only the completion of homework assignments but also the bringing of any and all outside materials required for the completion of said assignment. 2) Students may be

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disallowed entry to the classroom after five minutes from scheduled start of class. Students will arrive to class on time. If a student comes in to class more than five minutes late, the instructor may mark the student as absent. 3) All students will give the instructor and their fellow students the courtesy of their full attention for the duration of each class.

Immediately following the second unexcused absence: the instructor will notify the student by email (and cc the Department Chair) that the student must meet with the Department Chair before the next class meeting. The student is not to be readmitted to class without proof of having met with the Chair.

Should the student, following advisement and re-admittance to class, have a 3rd unexcused absence (5th in a 30 session class), that student's grade shall be immediately dropped by one full letter grade. The instructor may require the missing work to be made up, to apply to the student's grade. For each subsequent absence following the 3rd unexcused absence, the student's grade will be permanently lowered one additional full grade. While the instructor may require the missing work to be made up, it will not apply to the student's grade.

This policy is enforceable for all classes and all instructors.

Cell Phone Policy

The use of cell phones/smart phones/iPads/tablets is expressly forbidden, unless used for research or other class-related work, under the direct supervision of the instructor.

Phones, etc, should be turned off and kept out of sight during class. The first violation will result in a warning. Second and subsequent violations of cell phone policy will result in immediate expulsion from class. The student will be marked absent for the day. The absentee policy will be applied as outlined above.

This policy is enforceable for all classes and all instructors.

Academic Honesty

Plagiarism is the attempt, successful or not, to pass off someone else's words or ideas as your own. Any copying from another student, or lifting/paraphrasing passages from the internet, books or any other source, without giving proper credit, is considered dishonest.

The New York Film Academy expects all students to be responsible individuals who insist on high standards of honesty, personal conduct and creative integrity. All

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assignments and exams must represent the student's own work, and all quotes and other external sources used in research papers must be properly cited.

All incidences of plagiarism, cheating, deliberate hindrance in other students' work and other forms of dishonesty and misconduct are considered serious offenses and will result in a failing grade "F" for the course. The student will be subject to a Disciplinary Review Hearing at which further penalties will be imposed.

Freedom of Speech:

The New York Film Academy is an open, artistic environment. While we embrace the artist's right to free speech and expression, any form of discrimination (whether based on age, race, religion, gender, or sexual preference, etc.) will not be tolerated. Libel and slander are strictly prohibited. Any student found guilty of defamation against New York Film Academy students or staff is subject to suspension or expulsion. Any student who fails to respect these terms is subject to suspension or expulsion by the Director and the Academic Dean.

Satisfactory Academic Progress:

NYFA Students are required to meet both qualitative and quantitative academic standards. This policy insures that students are progressing through their programs of study and identifies students who may be at risk of failing.

SAP Defined:

Students in the 1-Year and 2-Year certificate, AFA or BFA programs must maintain a cumulative Grade Point Average (GPA) of 2.0 or higher, while MFA and MA students must maintain a maximum GPA of 3.0 or higher. Students who have completed less than 66.66 % of their cumulative attempted units in their current program of study have not met the minimum requirements for SAP for that program. All failed or repeated courses will be included as attempted units in the determination of the student's completion status.

1-Year, 2-Year certificate programs and degree programs failing to meet NYFA academic progress policies may be subject to the following disciplinary statuses:

Warning Status:

Students receiving two grades of "D" or lower in any assignment or accruing two absences will be verbally advised and enter Warning Status. There will be no immediate consequences other than the assignment of an academic support plan.

Monitored Status:

Following mid-term evaluation, students on Warning Status who fail to make satisfactory academic progress will be placed on Monitored Status. These students will

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receive academic support to improve their grades and overall academic performance.

Probation Status:

Students in Monitored Status who fail a course despite receiving academic support may be placed on Academic Probation for the remainder of the semester, as well as the subsequent semester. Students receiving a failing grade in a Community Education program will be placed on Academic Probation for the remainder of their program.

Academic Probation is a contractual agreement between the Registrar's Office and the student which mandates that a student cannot acquire more than three absences or fail to complete one assignment or production workshop during the probationary period.

In order to remain enrolled in their program, students on Academic Probation must earn a grade of "C" or higher in all subsequent courses. Students may be given the opportunity to complete additional coursework in order to achieve a passing grade and to earn credit for the course. All additional coursework must meet all requirements set forth by the instructor, including established deadlines.

If a student does not make up a failing course grade, he/she must retake the course at a later time. For this make-up course, the student will be charged a per-credit value.

Grading Criteria:

Students will be evaluated on the following criteria:

Attendance and participation (15%): The course will be run like a seminar. This implies that student attendance and participation are paramount. Students are expected to join in on the conversation and build on each other's and last week's comments. Students ought to come to class prepared and motivated to learn. In accordance with NYFA rules and regulations, repeated absences will negatively impact your grade.

Game presentations (20%): A course on video games would be incomplete without playing video games! Every week a different student will give a brief (15-20 minutes) presentation about a seminal video game of his or her choice. The presentation will be followed by class questions and discussion (also 15-20 minutes). In the presentation the student will motivate the choice of game, briefly display some footage of the video game (either through playing or showing a video pending on logistics), provide background information on the game's development, publisher chosen platform(s), and elaborate on the game's relative and absolute market performance. Given that this course focusses on industry analysis from a business perspective, the latter part of the presentation should be well thought of and sufficiently covered. **Students should post their presentation to Confluence no later than the day of their presentation!**

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Written business plan (45%): Students will work together in small groups (group size contingent on student cohort) to write a business plan for a newly found independent games studio. The business plan objectifies successful development and commercialization of one or few games based on the studio's internally developed IP. Your group is free in the choice of IP, what is important is coherence between the parts that make up the business plan. At the core, these parts include:

- Game description: a basic game concept that details its core mechanics, overall theme, genre classification and the IPs overall appeal.
- Competitive landscape: an overview of similar games, their publishers, the platform(s) these games are released on and an assessment of their strengths and weaknesses.
- Customers: a description of who the game's main customers are (i.e. b2b, b2c or both) and why, in addition to an overview of who (e.g. age, gender) will be playing the game.
- Partners: an outline of which partners - if any - are needed for successful development (e.g. localization, audio) and commercialization (e.g. publisher, brands) of the game.
- Platforms: which platform(s) will the game be released on, in what order, and why?
- Monetization: explain through which revenue models (e.g. f2p, premium) and at what price the game will be monetized. How successful do you expect the game to be?
- Costs: a breakdown of the various costs involved in developing and publishing the game including labor, distribution and licensing (e.g. middleware, intellectual property).
- Firm overview: a brief outline and justification of team composition at the firm level.

Business plan presentation (20%): In approximately 30 minutes, each group will present their business plan (using slides and a one-page handout) to the class to receive feedback from their peers. **Students should post their slides and one-page handout on Confluence no later than the day of their presentation!**

Students will have NO MORE than one week following the final grade posted to submit any makeup work. When allowed, the Add/Drop period is limited to the first TWO WEEKS of the semester.

The instructor shall exercise his or her discretion in determining whether or not to allow a student to make up a failing grade. If given make up assignments, a student may only make up a maximum of 15% of the final semester grade.

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Course Outline:

Date	Topic	Assignment
Week 1 (02.06)	<u>Welcome and Introductions</u>	
Week 2 (02.13)	<p><u>Guest lecture: Erik Huey (ESA)</u></p> <p>Reading(s): ESA (2014). <i>Essential facts about the computer and video game industry</i>. ESA, Online. Why Game Programs Need Business Classes in their Curriculum (<i>Gameindustry.biz</i>, April 18, 2014)</p>	Student Presentation 1
Week 3 (02.20)	<p><u>Balancing Creativity & Rationalization</u></p> <p>Reading(s): Lampel, J., Lant, T., & Shamsie, J. (2000). Balancing act: Learning from organizing practices in cultural industries. <i>Organization Science</i>, 11(3), 263-269. Tschang, F. T. (2007). Balancing the tensions between rationalization and creativity in the video games industry. <i>Organization Science</i>, 18(6), 989-1005.</p>	Student Presentation 2
Week 4 (02.27)	<p><u>Industry Foundations & Overview</u></p> <p>Reading(s): Aoyama, Y., & Izushi, H. (2003). Hardware gimmick or cultural innovation? Technological, cultural, and social foundations of the Japanese video game industry. <i>Research Policy</i>, 32(3), 423-444. Johns, J. (2006). Video games production networks: value capture, power relations and embeddedness. <i>Journal of Economic</i></p>	Student Presentation 3
Week 5 (03.06)	<p><u>Console 1: Fighting the Console Wars</u></p> <p>Reading(s): Rietveld, J. and Lampel, J. (2014). Nintendo: Fighting the Video Game Console Wars, in Lampel, J., and Mintzberg, H. <i>The Strategy Process</i>, Fifth Edition, FT Press. Schilling, M. A. (2003). Technological leapfrogging: Lessons from the US videogame industry. <i>California Management Review</i>, 45(3), 6-32.</p>	Student Presentation 4
Week 6 (03.13)	<u>SPRING BREAK – NO CLASS</u>	

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Week 7 (03.20)	Guest lecture: Joost van Dreunen (SuperData Research) Market research for digitally distributed video games.	Business Plan Outline due!!
Week 8 (03.27)	<u>Console 2: What Makes a Blockbuster Game?</u> Reading(s): Cox, J. (2013). What Makes a Blockbuster Video Game? An Empirical Analysis of US Sales Data. <i>Managerial and Decision Economics</i> .	Student Presentation 5
Week 9 (04.03)	<u>GOOD FRIDAY – NO CLASS</u>	
Week 10 (04.10)	<u>Console 3: Platform Users & Innovation</u> Reading(s): Rietveld, J. (2014). Demand Heterogeneity and the Adoption of Platform Complements. <i>NYU Stern Working Paper</i> . Juul, J. (2010). “A Casual Revolution” In <i>A Casual Revolution: Reinventing Video Games and Their Players</i> , 1–23, The MIT Press. Cambridge, MA. Available: http://marzipa.files.wordpress.com/2011/08/a-casual-revolution-reinventing-video-games-and-their-players.pdf	Student Presentation 6
Week 11 (04.17)	<u>Console 4: How Review(er)s Affect Sales</u> Reading(s): Basuroy, S., Chatterjee, S., & Ravid, S. A. (2003). How critical are critical reviews? The box office effects of film critics, star power, and budgets. <i>Journal of Marketing</i> , 103-117. Parkin, S. (2014). Blurred lines: Are YouTubers breaking the law? Eurogamer.net. Available: http://www.eurogamer.net/articles/2014-07-16-blurred-lines-are-youtubers-breaking-the-law Rose, M. (2014). Pay for Play: The ethics of paying for YouTuber coverage. Gamasutra. Available: http://gamasutra.com/view/news/219671/Pay_for_Play_The_ethics_of_paying_for_YouTuber_coverage.php	Student Presentation 7
Week 12 (04.24)	<u>Video Game Marketing 101</u> Reading(s):	Student Presentation 8

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	<p>Steinberg, S. (2007). <i>Video game marketing and PR</i>. Power Play Publishing, Online.</p> <p>App Gamer (2009). Game Marketing and PR: Lock it Down. Online.</p>	
<p>Week 13 (05.01)</p>	<p><u>Digital 1: Ten Truths about Digital</u></p> <p>Reading(s):*</p> <p>Anderson, C. (2004). The Long Tail. <i>Wired</i>, 12 (10). October. Available: http://archive.wired.com/wired/archive/12.10/tail_pr.html</p> <p>Broekhuizen, T. L., Lampel, J., & Rietveld, J. (2013). New horizons or a strategic mirage? Artist-led-distribution versus alliance strategy in the video game industry. Research Policy.</p> <p>Brynjolfsson, E., Hu, Y. J., & Smith, M. D. (2006). From Niches to Riches: Anatomy of the Long Tail. <i>Sloan Management Review</i>, 47(4), 67-71.</p> <p>Elberse, A. (2008). Should you invest in the long tail? <i>Harvard Business Review</i>, 86(7/8), 88.</p> <p>* I recommend that you read the readings in chronological, rather than alphabetical, order.</p>	<p>Student Presentation 9</p>
<p>Week 14 (05.08)</p>	<p><u>Digital 2: Business Model Innovation for Digital Games</u></p> <p>Reading(s):</p> <p>Rietveld, J. & Dreunen, v. J. (2014). De-risking game development in the digital era: Four strategic questions every game company should ask itself. <i>SuperData Research</i>. Available: http://www.superdataresearch.com/de-risking-game-development/</p> <p>Rietveld, J. & Dreunen v., J. (2014). Game Changers: Business Model Innovation in the UK Market for Digital Video Games. <i>CityU/NYU Working Paper</i>.</p> <p>Ederly, R. (2012). The Magic of Free-To-Play: How I Stopped Worrying and Learned to Love the Free-To-Play Business Model. <i>Game Developer Magazine</i>, May 2012, Vol. 19 (5), 51. Available: http://www.gamasutra.com/view/news/174308/Opinion_The_magic_of_freetoplay.php</p>	<p>Student Presentation 10</p>
<p>Week 15 (05.15)</p>	<p>Indie Game: The Movie</p>	<p>Student Presentation</p>

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		11
Week 15 (05.22)	<u>End of Term Presentations</u> Students present their business plans. Curated by Bryan Cashman from Consulgamer	Final Presentations and Business Plans due.