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Microsoft Corporation

Partner Day: Seattle
July 16, 2007

Agenda

- Overview and Statistics
- Marketing and Promotions
- Site Improvements
- Portfolio
- Getting Your Game onto Xbox LIVE Arcade
- Questions and Answers

XBOX LIVE
arcade
Overview and Statistics
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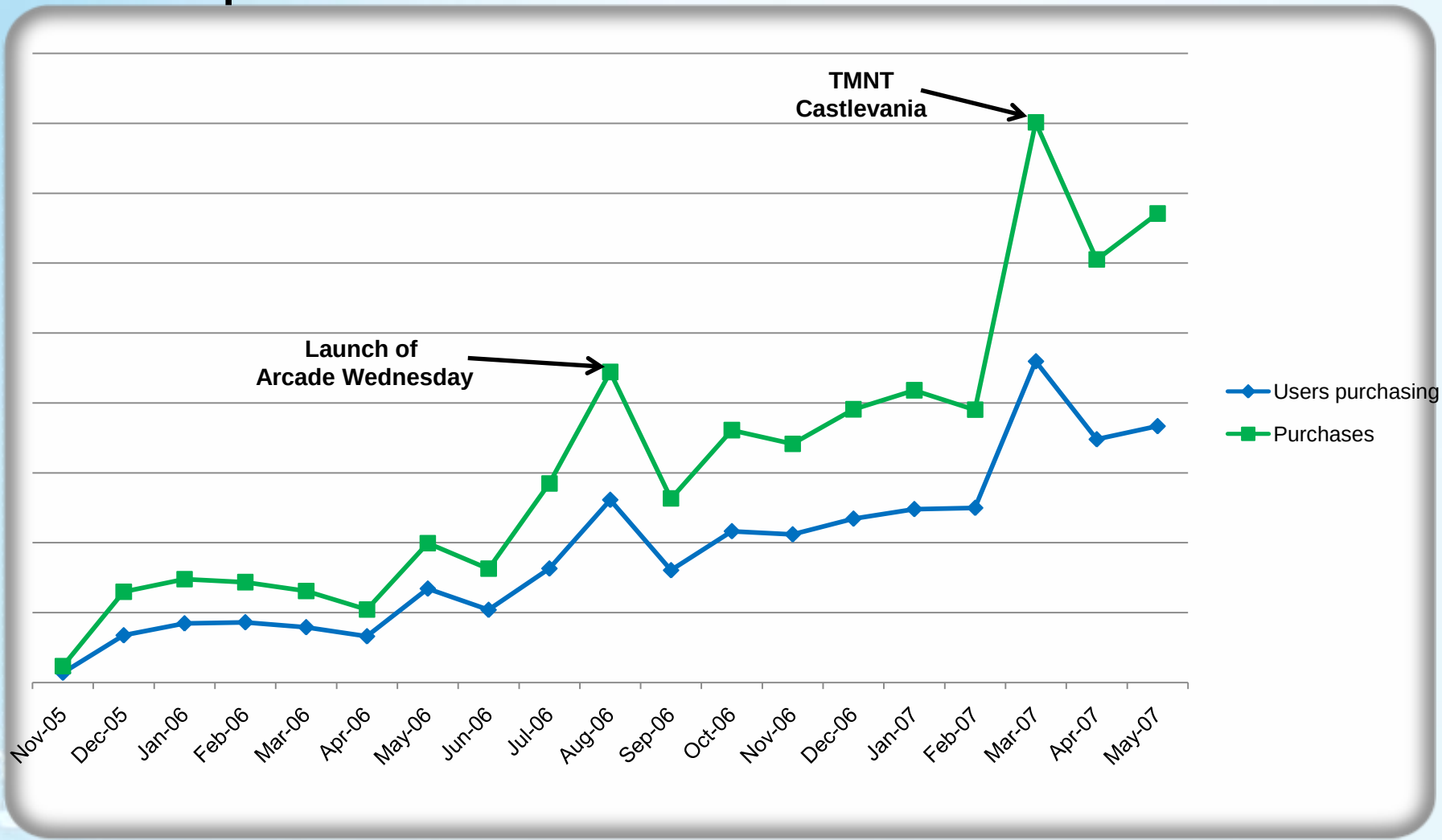
Xbox Live Arcade Overview

- Service is continuing to grow in users and revenue
- 68 games currently on the service
- Great content flow with one or more titles launched each week
- Buzz continues over XBLA with the industry and consumers
- Best game download service out there amongst the three consoles
  - New games
  - Indie games
  - Connected to LIVE services

Growth

- Growth of the service continues in users and purchases



Highly Engaged Audience

- Over 45,000,000 games downloaded
- Over 80,000,000 hours of gameplay
  - That's over 9,100 man-years
- Over 170,000,000 game sessions
- Over 45,000,000 achievements earned
- Over 550,000,000 in gamerscore earned

Top Title Usage in 2007

	By Users	By Average Session Length	By Total Minutes
1	TMNT 1989 Arcade	Jewel Quest	UNO
2	Worms	Hardwood Spades	Texas Hold 'Em
3	UNO	Catan	Worms
4	Castlevania	Bejeweled 2	Castlevania
5	3D Minigolf Adventures	Texas Hold 'Em	Bejeweled 2
6	Paperboy	Castlevania	Geometry Wars
7	Alien Hominid	Zuma	Zuma
8	Geometry Wars	Soltrio Solitaire	Aegis Wing
9	Texas Hold 'em	Worms	Catan
10	Heavy Weapon	Luxor 2	3D Minigolf Adventures

Blue – 2007

Orange – 2006

Green - 2005

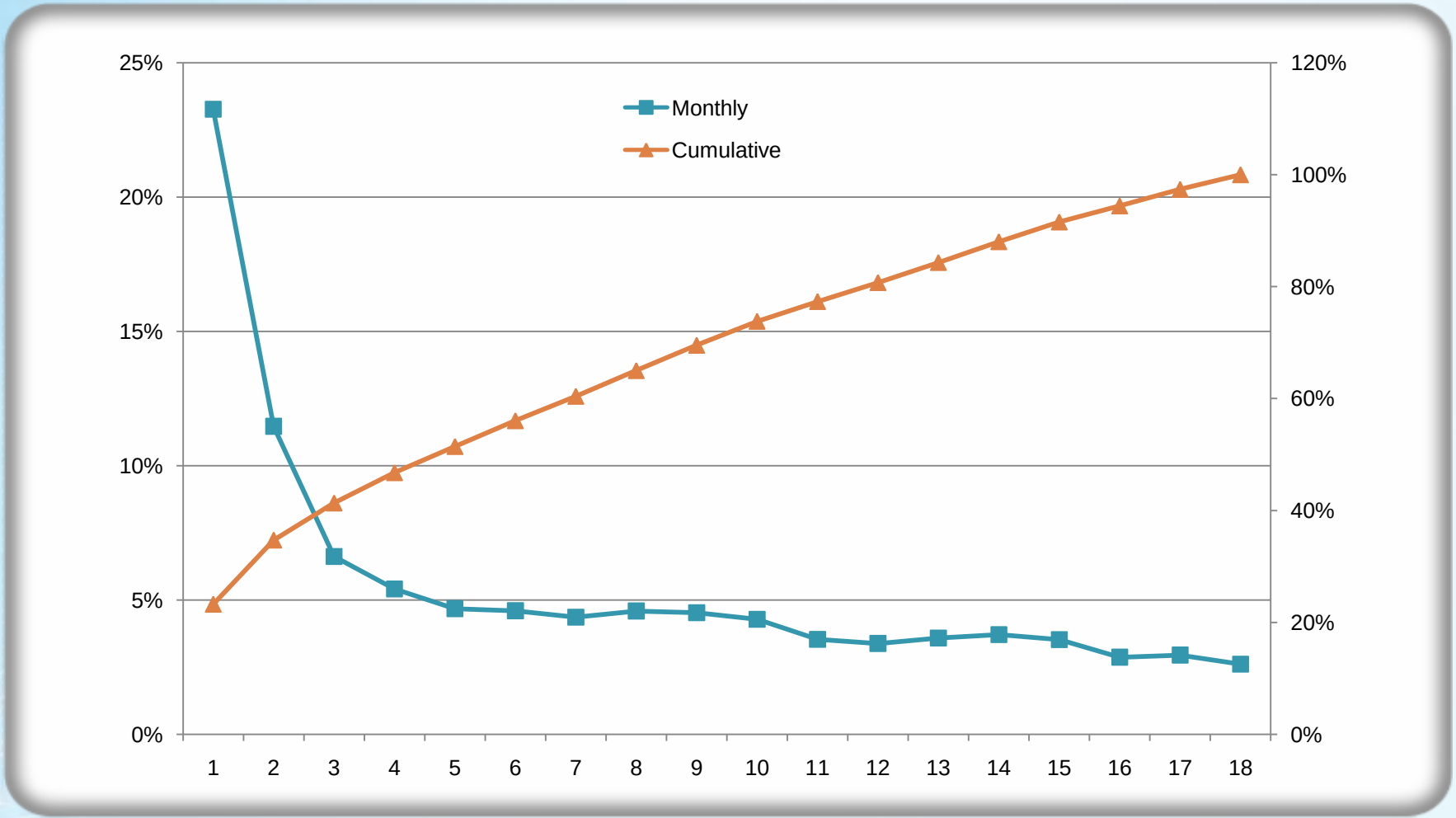
- Performance during 2007 only, regardless of when title launched

Sales Insight
Downloads and conversion rates

- Average XBLA conversion rate is approx 18%
- Low of 4%, High of 51% (UNO)
- Original titles netting 350k DL in 1st month
- Big hits getting $125K in sales in the 1st week
- Games get significant volume in the tail

Sales volume over time

- Graph is average of all games on the service
- First two months of sales accounts for only 35% of total volume
- Purchases have slow decay in volume from the 7th month on



Top Titles in FY07 (Jul 06 – Jun 07)

	By Sales Volume	By Revenue	By Conversion Rate
1	Street Fighter II HF	Street Fighter II HF	TMNT 1989
2	UNO	Worms	UNO
3	TMNT 1989	DOOM	Texas Hold 'em
4	Worms	Castlevania	Street Fighter II HF
5	DOOM	Ultimate Mortal Kombat 3	Worms
6	Castlevania	Texas Hold 'em	Castlevania
7	Ultimate Mortal Kombat 3	UNO	GALAGA
8	PAC-MAN	Bankshot Billiards 2	Ultimate Mortal Kombat 3
9	Geometry Wars	LUMINES LIVE!	PAC-MAN
10	Contra	TMNT 1989	DOOM

Blue – 2007

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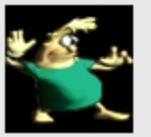
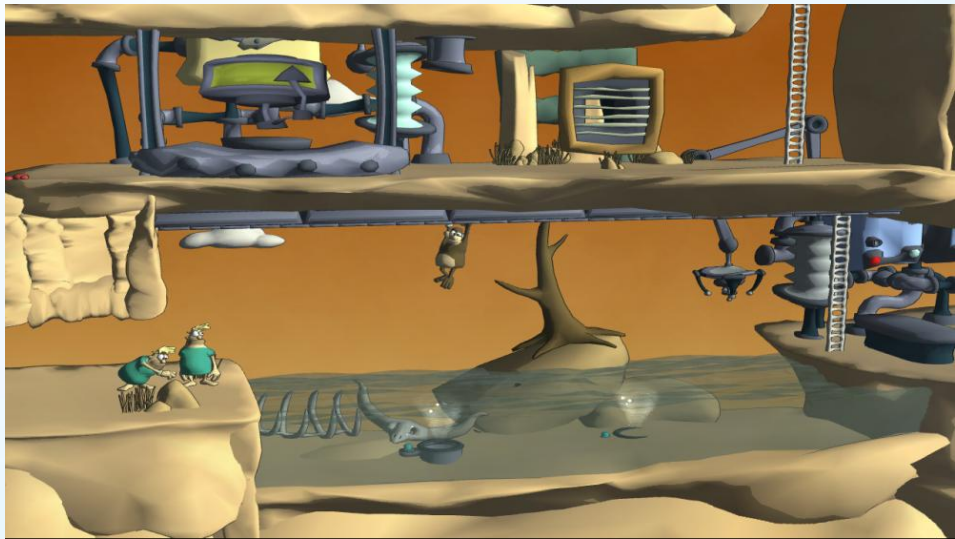
Scott's Favorite Game



Cloning Clyde
Last Played Online: 9/3/2006

200 of 200 G
12 of 12 Achievements



Premium Downloadable Content (PDLC) Performance

- Paid Downloads
  - 107K Game Themes
  - 360K Premium Game Content
  - 170K Tiles
  - Total – 636K paid downloads
- Free Downloads
  - 1,055K downloads

- Summary – PDLC won't make you rich but it is nice supplementary revenue

Market Presence

- Xbox LIVE Arcade is now available in 25 countries:
  - EMEA
    - Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK
  - Asia Pacific
    - Australia, Hong Kong, Japan, Korea, New Zealand, Singapore, Taiwan
  - North America
    - Canada, Mexico, US

Advertising

- The current advertising model for XBLA is sponsored games
  - We work with advertisers to determine the best way to meet their advertising objectives with a game
  - We work with a developer to create the game
  - Game is distributed free to consumers
  - Advertiser pays for promotion of game
- Will only do a small number of these each year
- Games need to meet our quality requirements

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Portfolio
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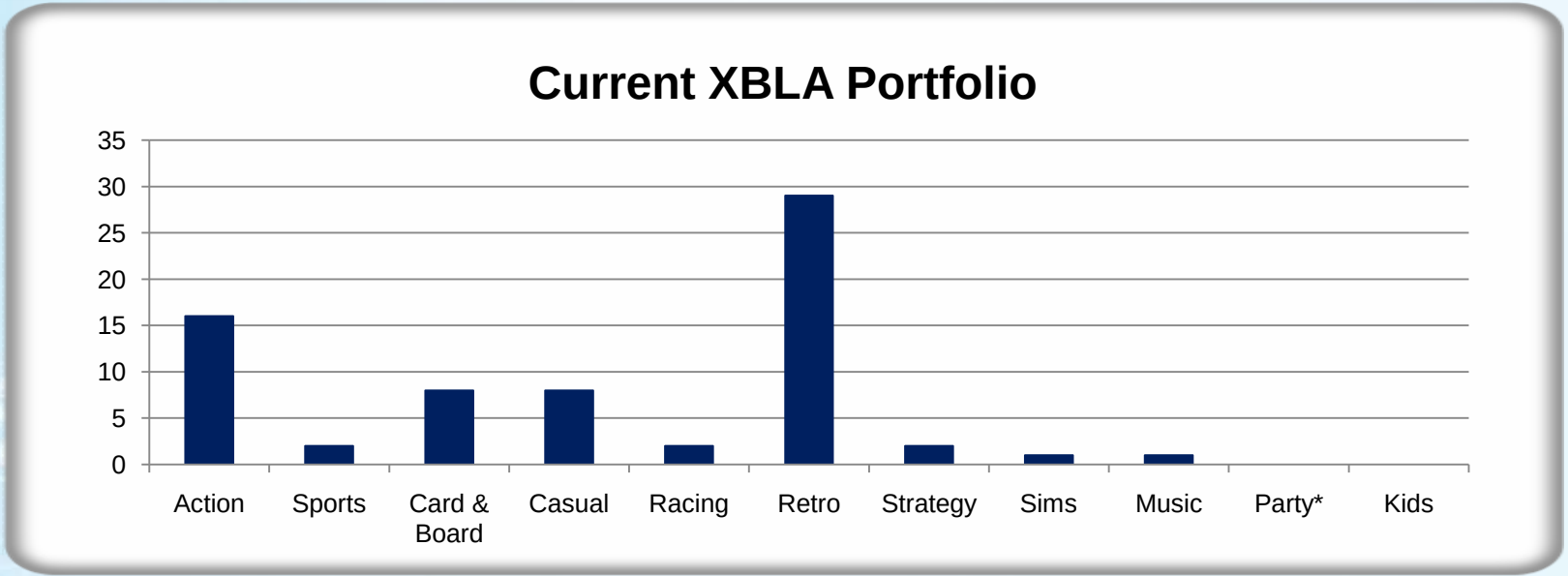
Portfolio Strategy

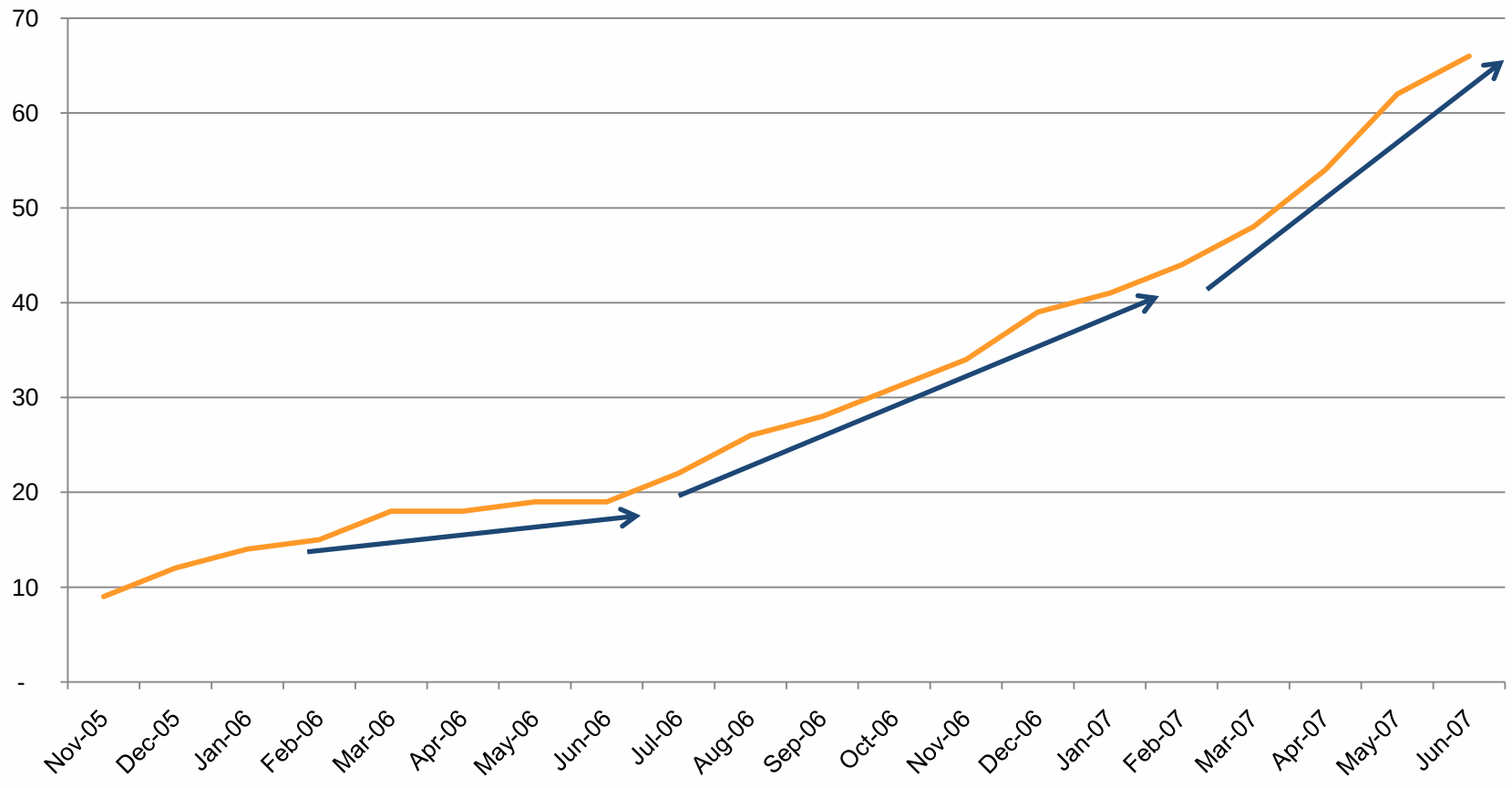
- Keep our core audience happy
  - Arcade shooters, platformers, fighters, etc
- Quality games
- Mix of games at all price points
- Focus on innovation (less retro, no clones)
  - Arcade continues to be a great platform on which to experiment with new game concepts



More Portfolio Strategy

- Expand our offering further
- Offer “something for everyone”
  - Great casual games like Luxor2 and Bejeweled
  - Recognizable card & board games
- Approachable
  - Easy to pick up and play
- Social
  - Local (couch) multiplayer games
  - Party multiplayer games
    - As fun to watch as it is to play
  - Cooperative and/or competitive
  - Cross platform
- Kids games
  - To be successful, really need known IP
- Aspirational games

Content Flow



Increasing flow of content onto the service

Marketing and Promotions

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Getting the Word Out

- On dash
- Within Arcade
- On Xbox.com
- In direct mail
- Industry Events
- Press Releases
- Community Blogs

You know you're viral when . . .

XBLA PR Title Support

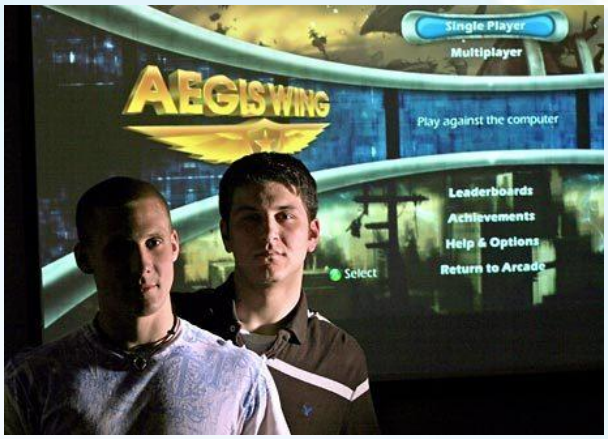
- Desired for Each Title Launch:
  - Email blast to international media week of launch
  - Visibility on Xbox 360 community blogs (Major Nelson and Gamerscore Blog)
  - Work closely with the partner on their announcements and/or events
- Additional Opportunities, Depending Upon News Value of Title:
  - Inclusion in media alert spotlighting upcoming XBLA titles
  - Long-lead outreach (previews, reviews via PartnerNet)
  - Short-lead previews (PartnerNet, under embargo until launch announcement)
  - Developer interviews
  - Potential for showcase/industry event inclusions

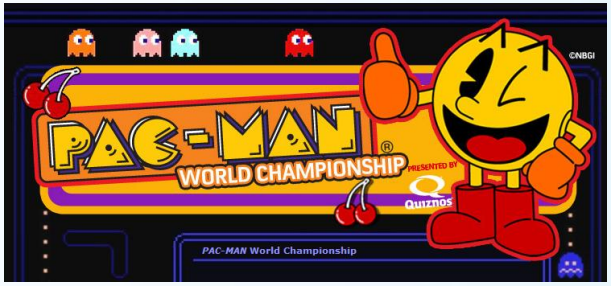
Contests / Events

- Designed to build awareness of Arcade

  . . . and it's working!

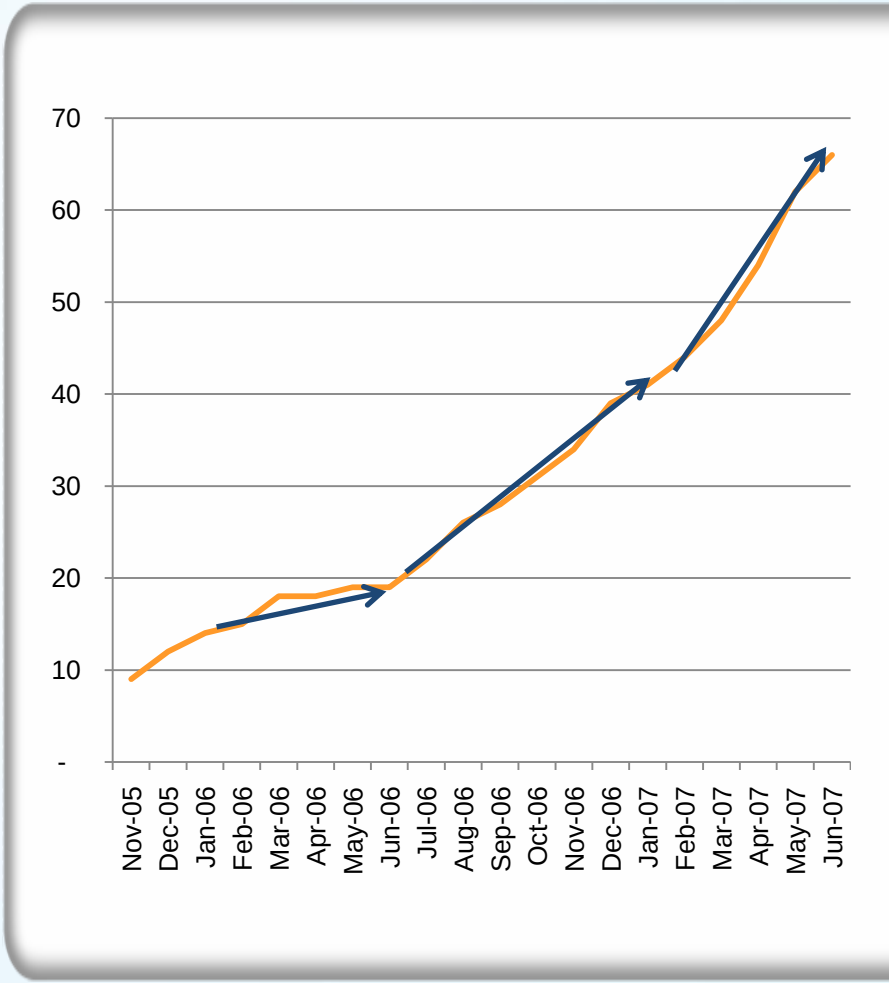
- Aegis Wing Intern Developed Game
- Pac-Man World Championship
- Unlock the Xbox
- Xbox 360 Games for Change Challenge





Increased Content Flow Means Increased Competition

- What does this mean for developers and publishers?
  - Focusing on the trial experience is more important than ever. Make it count.
  - Especially in the absence of strong IP, have a marketing and PR strategy!
  - Think about how PDLC can draw attention to your game months after its release.



XBOX LIVE arcade

Site Improvements

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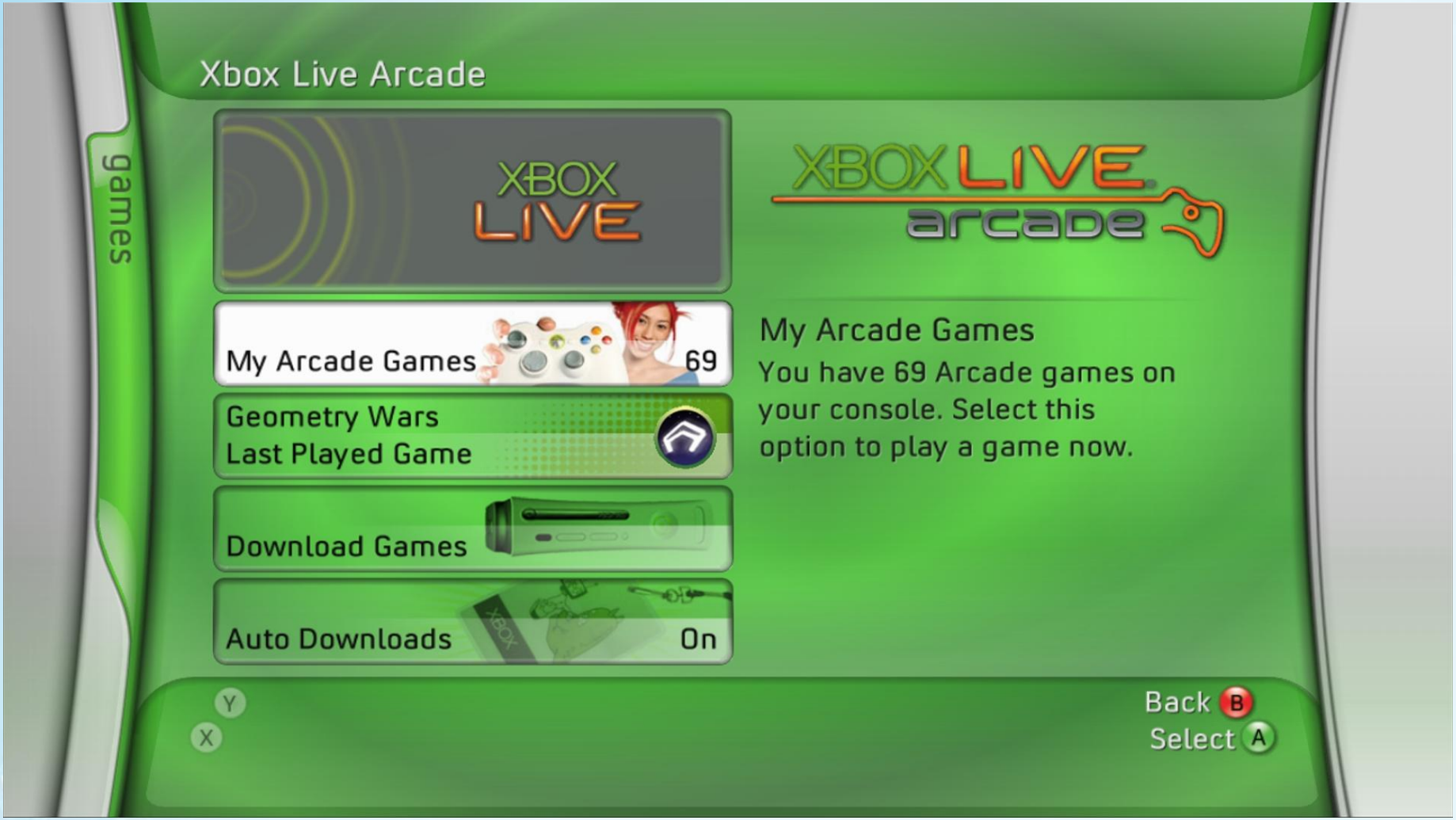
XBLA Improvements in Fall 2006 Update

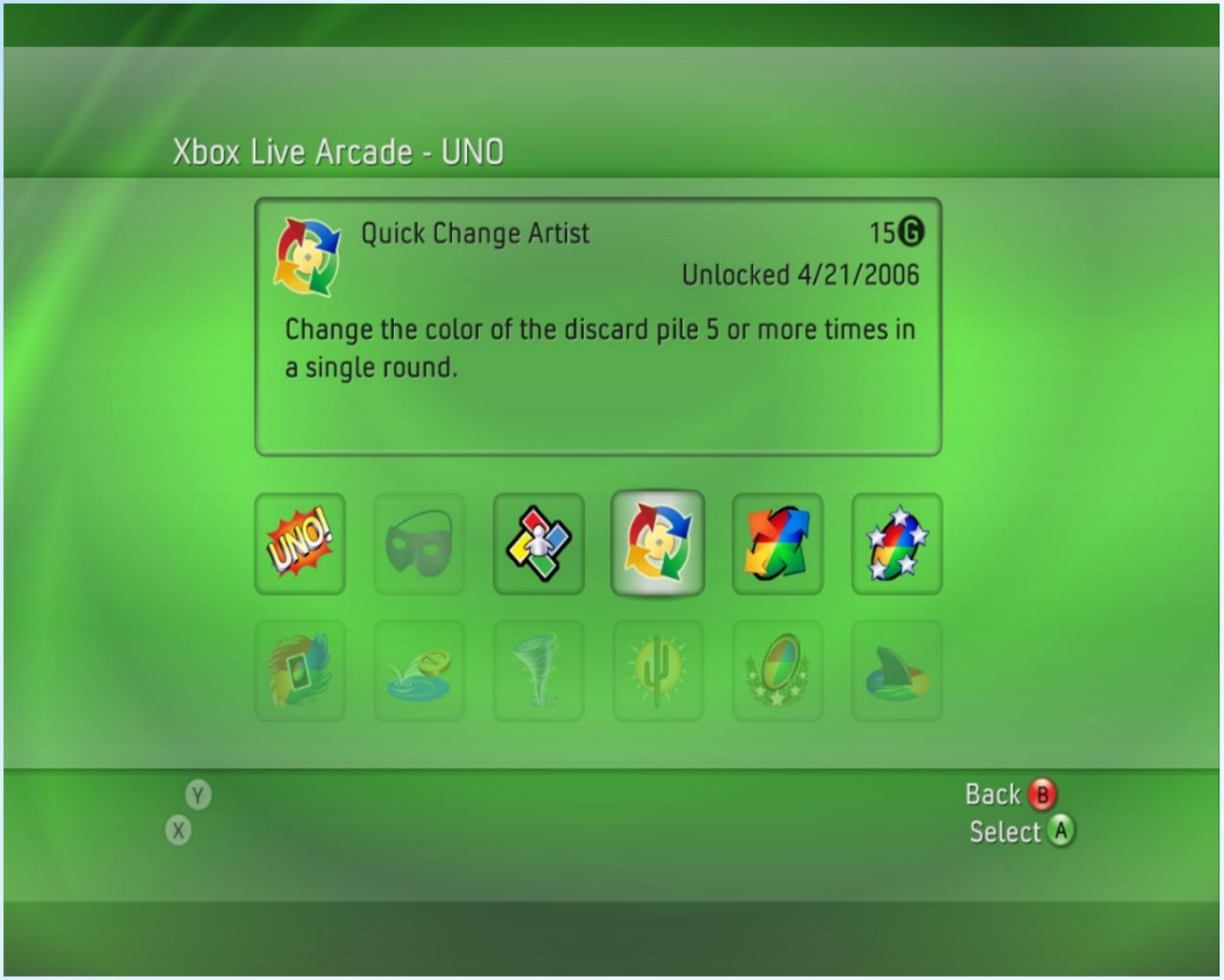
- **Auto Download**. Automatic download of new games on XBLA.
- **Fast enumeration of games**. Game lists are rendered more quickly and have better sorting options.
- **Friends Leaderboards**. Compare leaderboards against your friends list within Arcade.
- **Achievements**. Compare achievements against your friends list within Arcade.
- **Tell a Friend**. Send a message to any friend on the friends list about Arcade games.

Auto Downloads
Fall 06



Friends Leaderboards
Fall 06

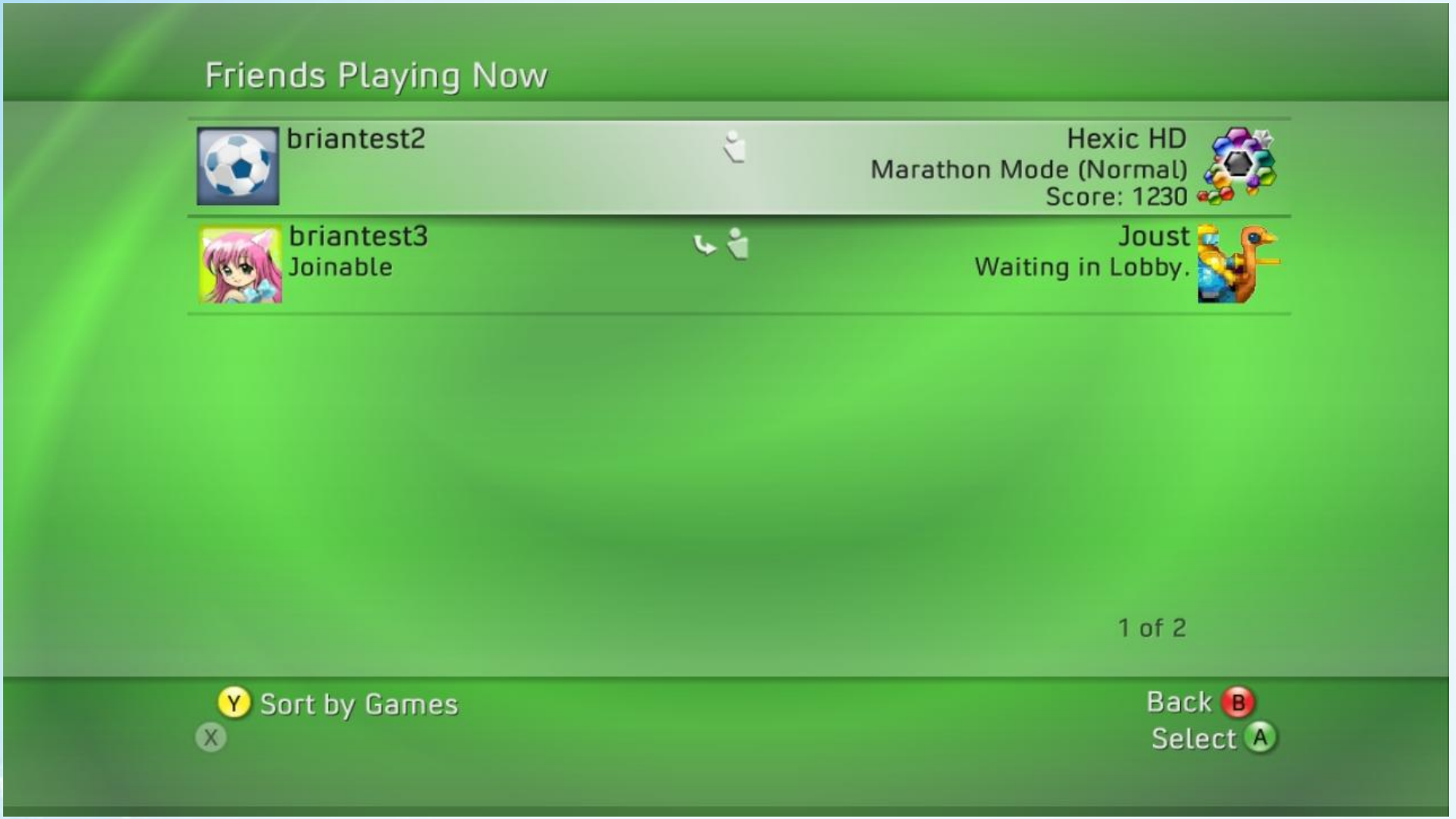
Achievements
Fall 06



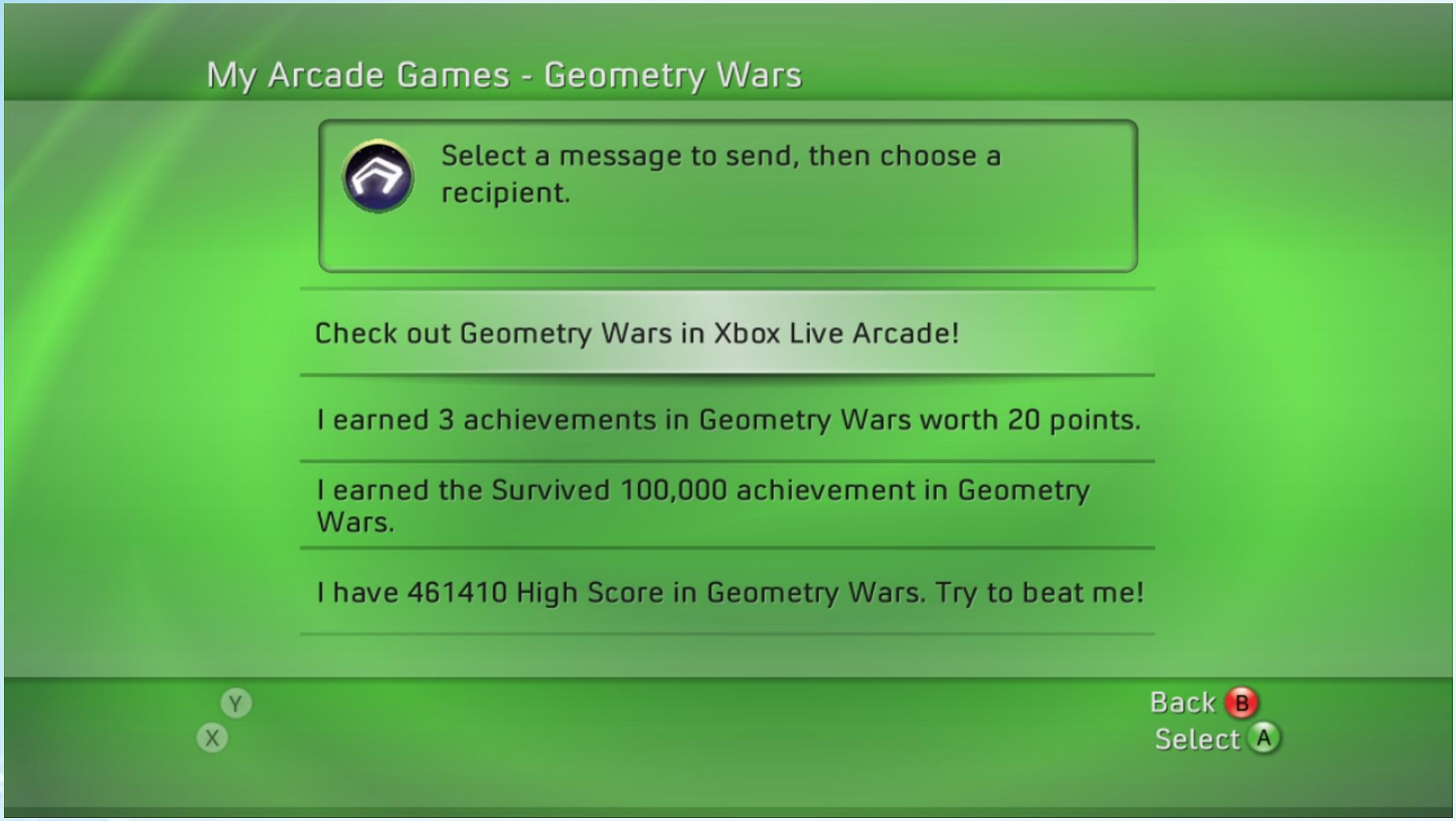
XBLA Improvements in Spring 2007 Update

- **Friends Playing Now**. Shows all friends playing in Arcade now. Displays what they are playing and allows joining of games. Friend information is displayed in multiple locations throughout Arcade.
- **Tell a Friend**. Three new messages have been added to “Tell a Friend” to help build excitement by displaying and comparing stats.
- **Auto Downloads**. Expanded to include all free and trial games. Game collections are built quickly and easily through background downloads.
- **Arcade Leaderboards**. Expanded to include all friends on the friend list and allows quick scrolling through and compare of achievements.

Friends Playing Now
Spring 07



Tell a Friend
Spring 07



Getting Your Game on Xbox LIVE Arcade

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Concept Submission

- Each proposal needs to be documented in our Concept Submission Form
- Proposed game is evaluated for:
  - Portfolio fit
  - Game play. Will it be fun?
  - Sales potential
  - Does it leverage the services that are important to us
- We will provide feedback on the submission

Concept Submission Guidance

- Concept submissions often lack
  - Sufficient description of gameplay
  - Sufficient quantity and variety of art samples
    - Screenshots preferred, but concept art helps
  - Convincing evidence of differentiation
    - How is this different from comparable titles?
    - What exactly does “new modes of play” mean?
    - PDLC support is not automatically a “differentiator”

How To Get Started

- For Independent Developers
  - Contact Xbox LIVE Arcade business development (arcade[at]microsoft[dot]com) to determine title fit
    - NDA
    - Submit Concept Submission Form (CSF) and materials
      - Playable demo, if complete
- For Publishers
  - Work with your established account manager

Questions And Answers

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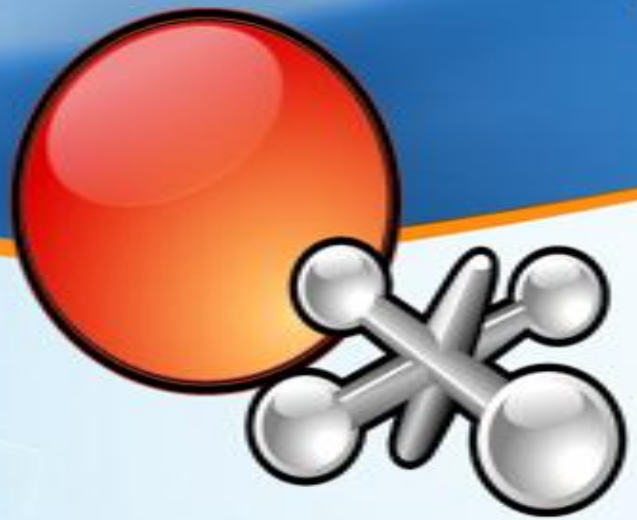
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