

**SOCIAL & ONLINE**  
games summit

# The Future of MMO Monetization

How Turbine Supercharged DDO by  
Adopting a Hybrid Business Model



**GD10C**

[www.GDConf.com](http://www.GDConf.com)

# About Me

**Fernando J. Paiz**



Executive Producer - **DDO Unlimited**

Director of Technology - **DDO / LOTRO**

Producer and Technical Lead - **There.com**

10 years in Virtual Worlds, MMOs and  
Micro-transaction Business Models



# About Turbine

**Founded:**  
1994

**Employees:**  
300+ (Boston / San Francisco)

**Franchises:**

The Lord of the Rings Online™  
Dungeons & Dragons Online®  
Asheron's Call®





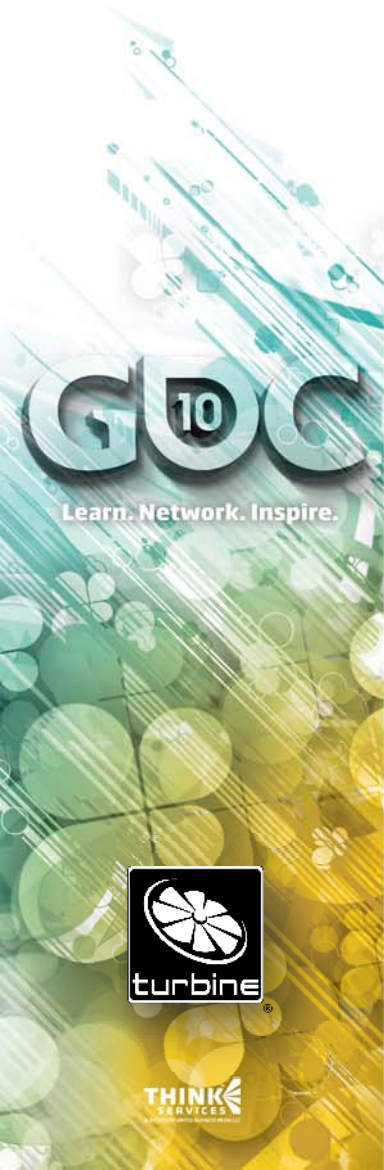
# DDO: Stormreach 2006-2009

## What Went Right

- Fun Party-based RPG Questing
- Unique Handcrafted Adventures
- Fast-Action Combat
- Faithful Adaptation of Dungeons & Dragons
- Diverse Character Customization Options



Launch Date: Feb. 28 2006

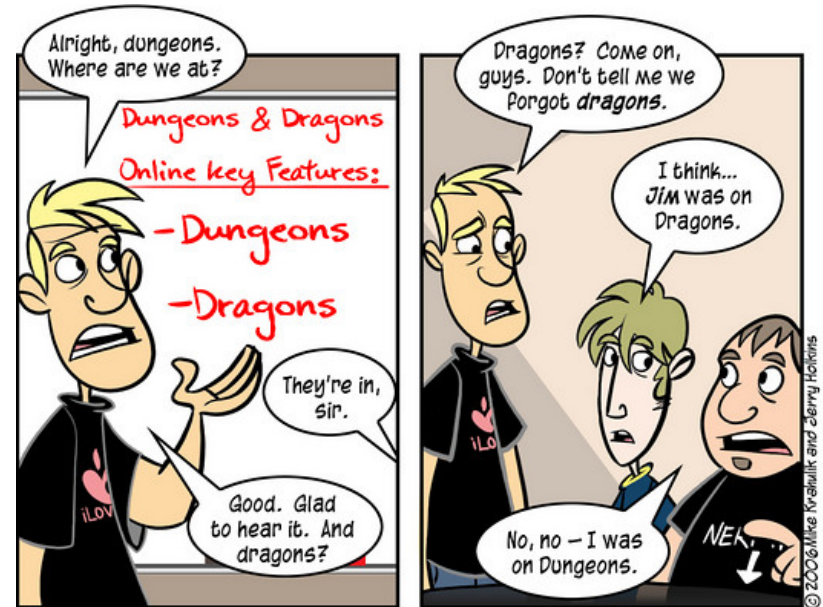




# DDO: Stormreach 2006-2009

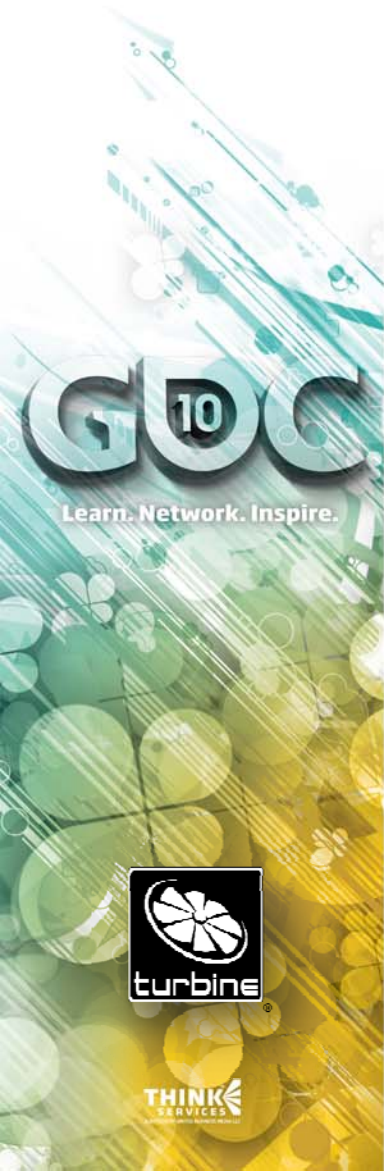
## Room for Improvement

- Hard to Solo
- 10-16 Levels
- No Open World
- No PvP
- Perceived as a Hard Core Niche Game
- Subscription a Barrier to Acquisition



**DDO Did Not Fit the Expectations of a Traditional MMO Subscription Model**





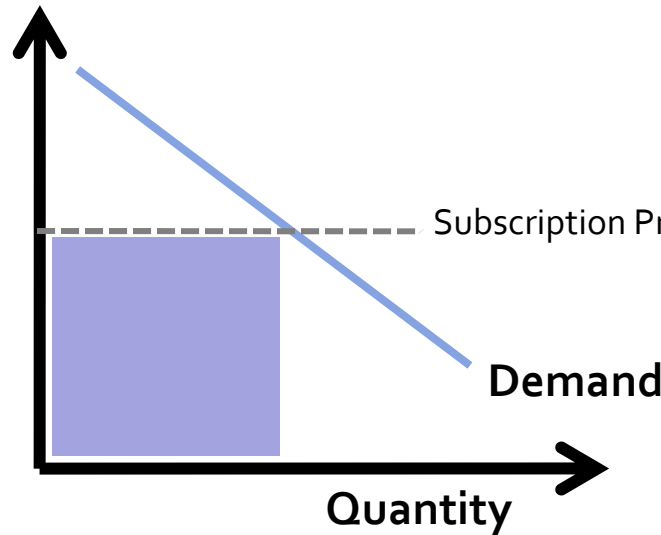
DDO Unlimited

**Reinventing DDO as  
the Premium F2P MMO**

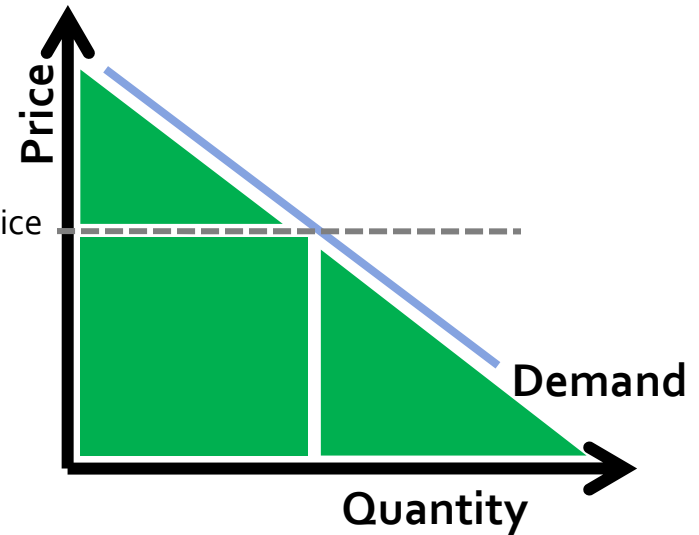


# Why Free-to-Play with MTX?

Subscription Model



Free-to-Play with MTX



- Subscription model caps monthly revenue per user
  - Excludes users unwilling to commit to minimum regular recurring costs up front
  - Limits those willing to pay more
- A F2P model with MTX lets per user revenues scale with player engagement and willingness to spend





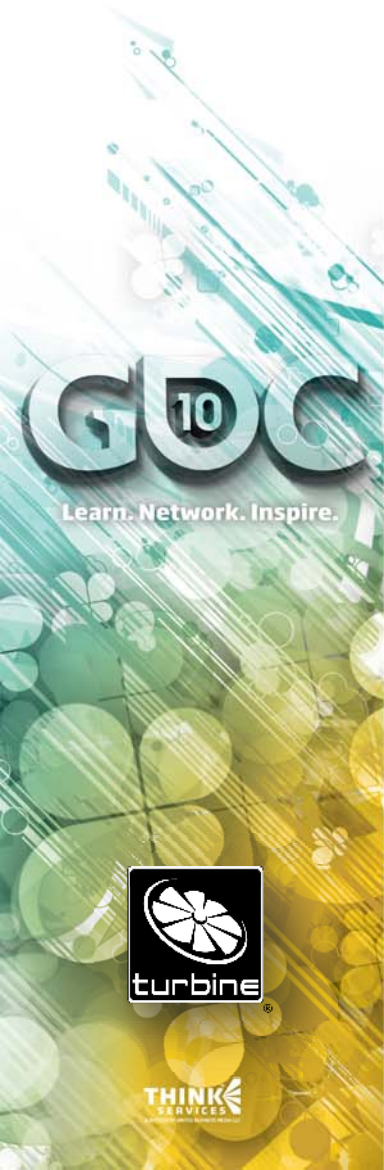
# The Power of “Free”

- Simple and Compelling Marketing Message
- Let Players Sample at Their Own Pace
- Improve Stickiness / Ease of Player Referrals
- Let Players Pay when Ready
- Few Competitors in N. American Premium Free-to-Play Genre



# Why Keep Subscriptions?

- All the Content for a Low Fee
  - Allows content and features to sell for higher prices without alienating dedicated players
  - This price point is serving this segment well
- Add a monthly Points stipend to improve Value of Sub Plan
  - And promote use of Store
- Protect the Existing Business
  - Would you really just cancel all your current subscribers?

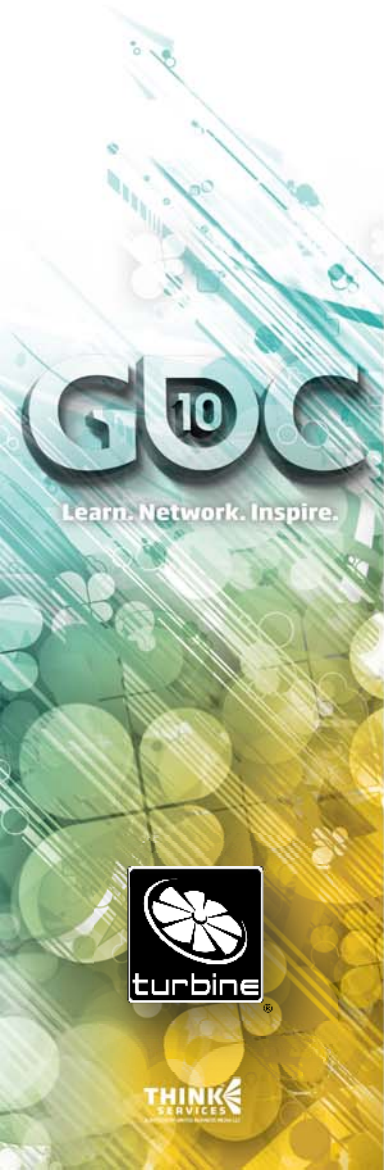


# Mixed Early Feedback

- “Hybrid models don’t work”
- “You can’t have subscription and MTX customers co-exist”
- “At least make them on separate servers”
- “You’ll lose your subscribers”

But also:

“Player counts go up 10X  
and Revenues 3X...in Asia”





# Research and Inspiration

- Social Worlds
  - There.com, Second Life, Gaia
- F2P Web Online Worlds
  - PoxNora, RuneScape, Puzzle Pirates
- Asian Imports
  - Sword of the New World, MapleStory, Perfect World
- Kids Games
  - Club Penguin, Wizard 101
- Plus a Growing Wave of Web Social Games





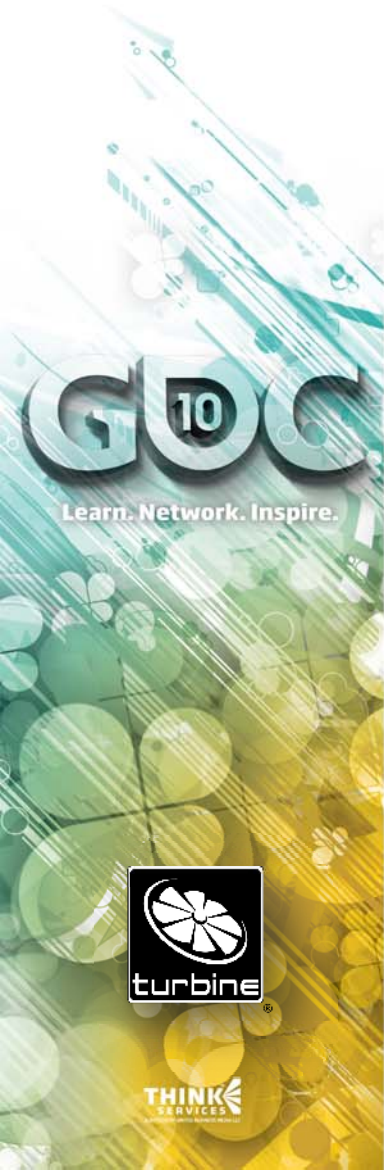
Designing DDO's Hybrid Model

**Give Customers the  
Choice of How to Pay**



# Guiding Principles

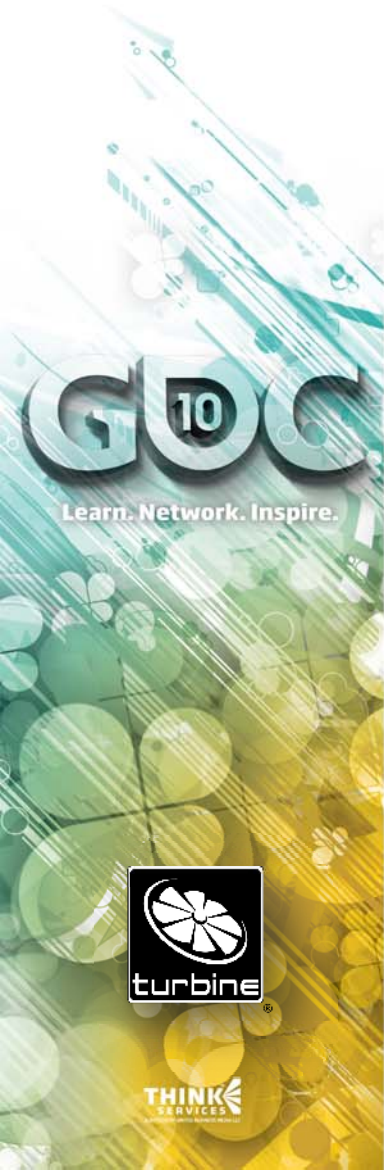
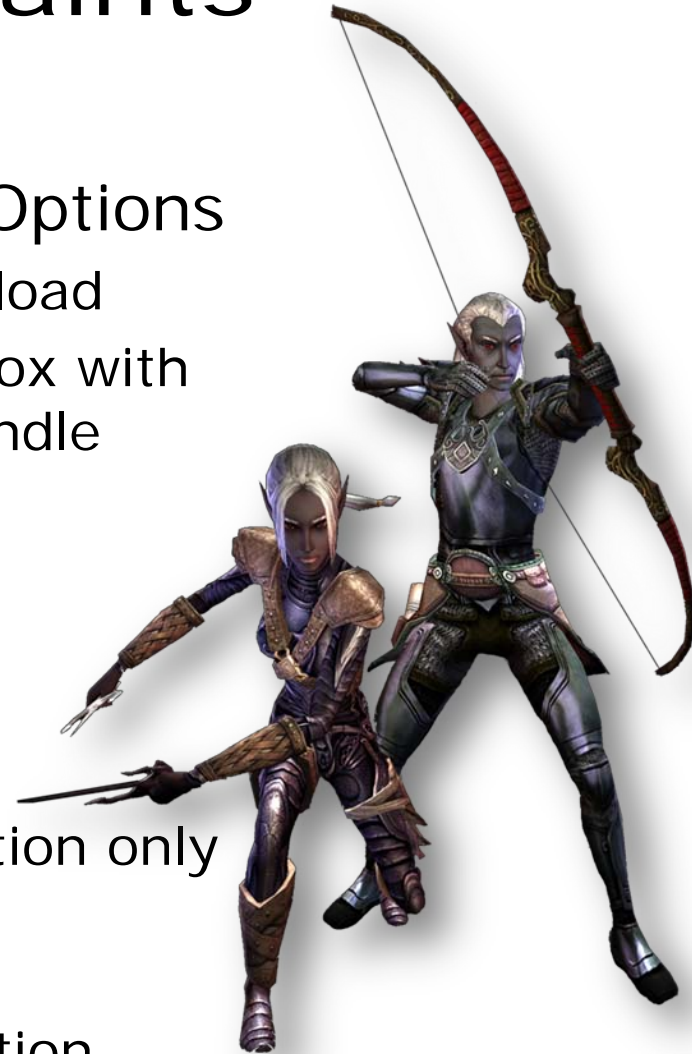
- Really Possible to Play for Free
  - Store is Accessible but Optional
- Don't Do it Half Way
  - Can't Feel Bolted On
- Give Players Choices
  - Time vs. Money
  - Unlimited Access vs. *À la Carte*
- The Right Model for DDO
  - Don't sell end-game loot
  - Preserve value of new content
- Err on the Side of More Toll-gates at Launch Rather than Too Few
  - Ease these post-launch if needed





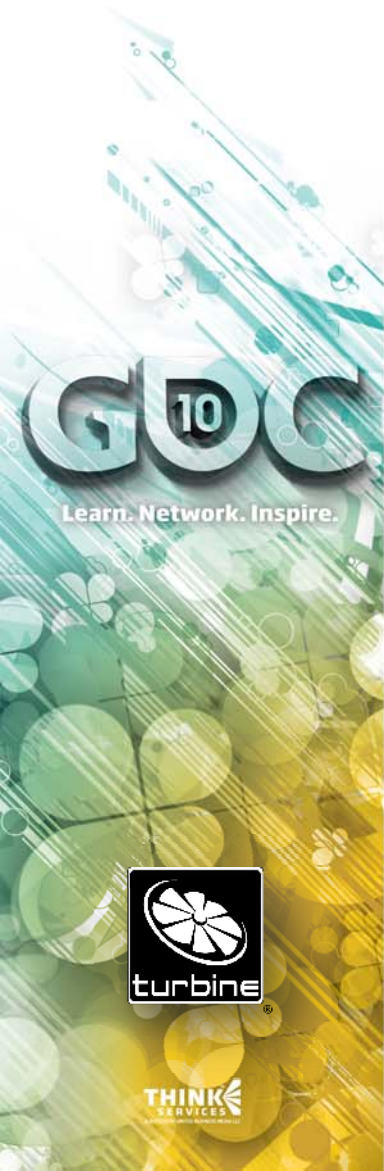
# Design Constraints

- Flexible Distribution Options
  - Primary: Digital Download
  - Secondary: Physical Box with a Points & Content Bundle
- Target Timelines
  - Goal: 12 months
  - Actual: 16 months
- Billing Capabilities
  - Easier: Macro-transaction only for content sales?
  - Full: Micro-transaction store for full monetization



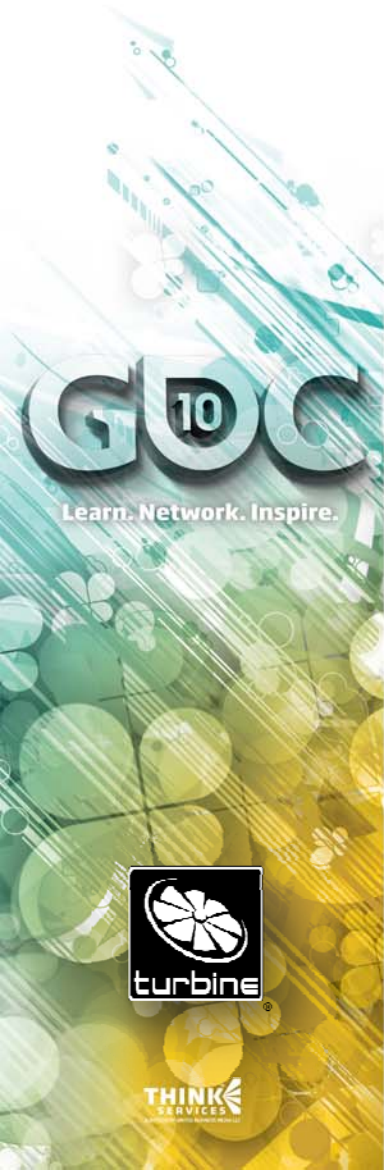
# Designing a Balanced Subscription Option

- Subscription Balanced against One-Time Purchases
  - Rent Full-Access **or**
  - Buy game features á la carte
- Target Equivalent Purchased Content Value at ~**\$200**
  - Break even at ~**1.5 years** of subscription (2 years+ ideal)
  - Compares well to subscription model Lifetime Value
- Subscriber Downgrades
  - Keep progress and unlocks
  - Pay for premium features



# Dual Currency Design

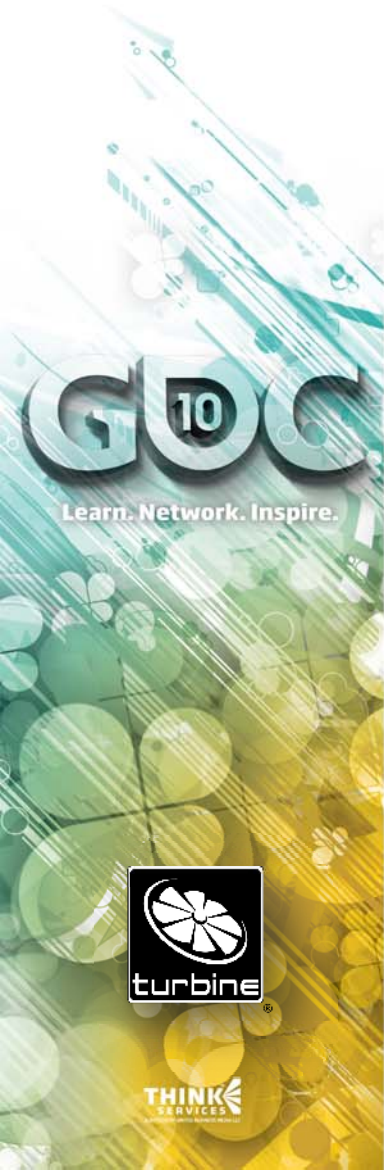
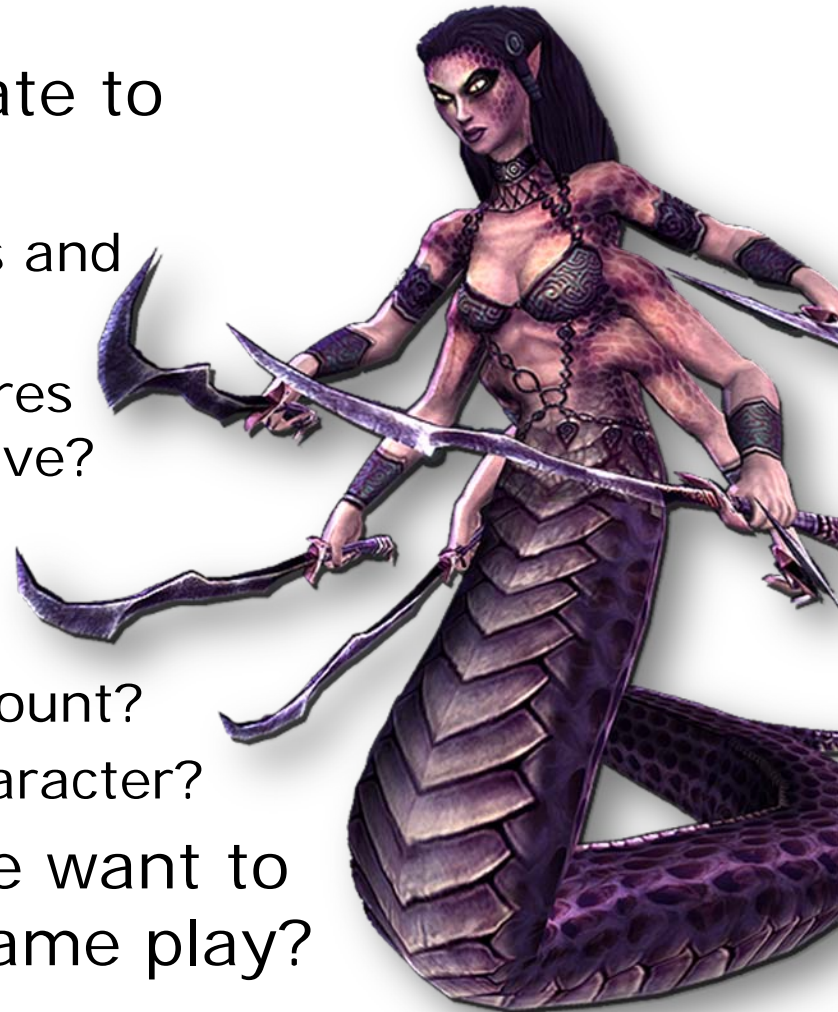
- Separate Game and Paid Currency
  - Limits impact of game economy on monetization
  - Consolidates purchase events
- Value Improves on Larger Bundles
  - Range: \$0.01 to \$0.015 / point
  - Bundles provide another opportunity to offer discounts





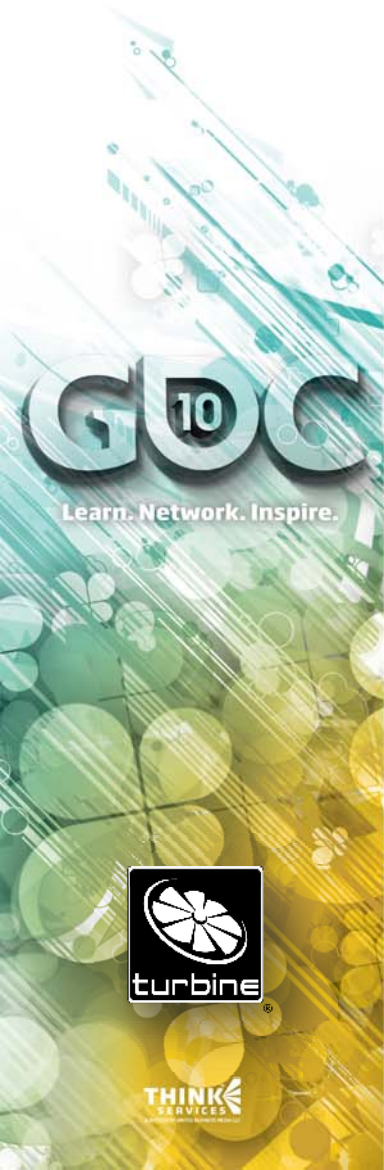
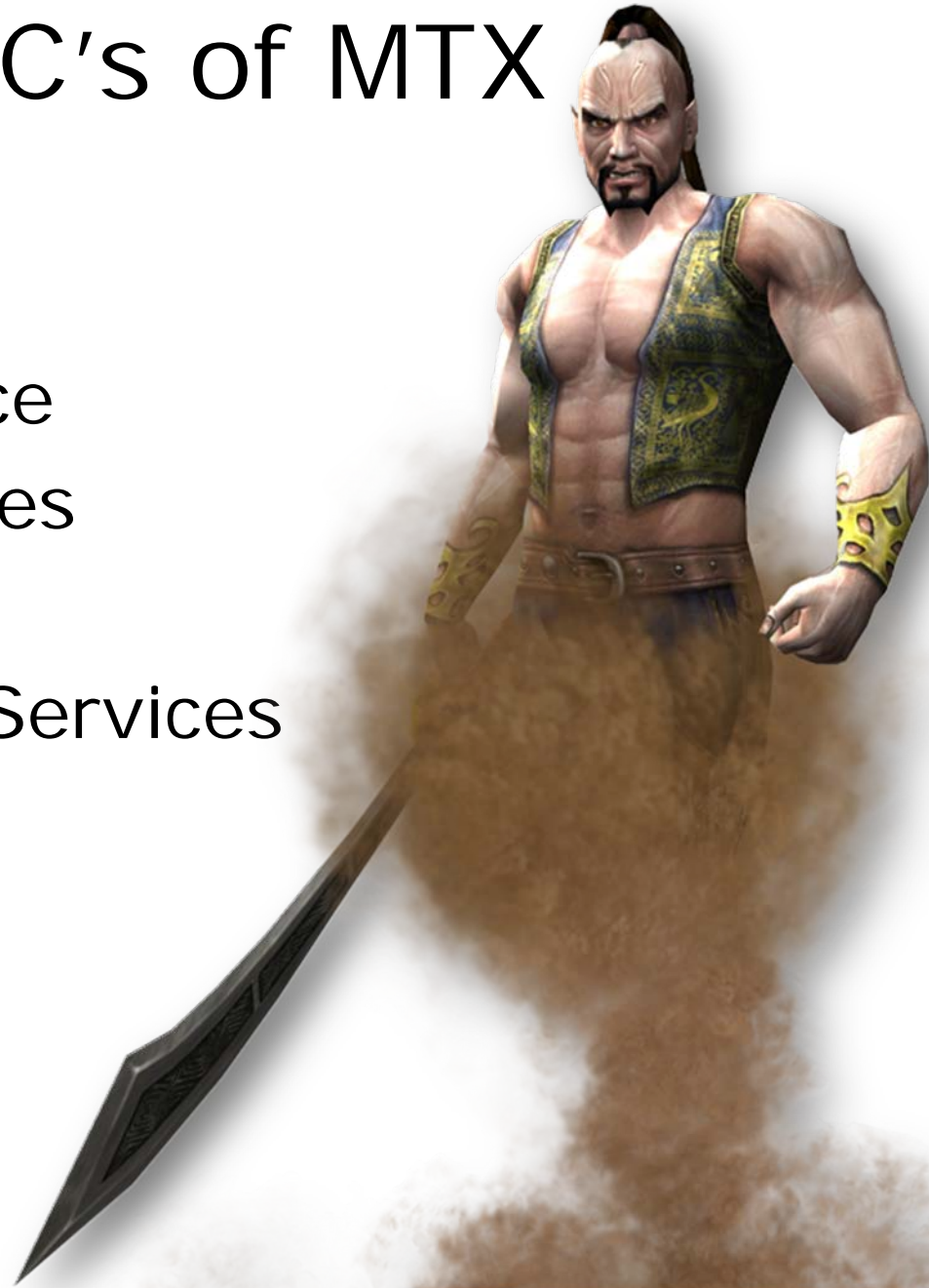
# Choosing What to Sell

- What is appropriate to monetize?
  - Content, Features and Consumables?
  - What about features that are already live?
- How to charge?
  - Recurring?
  - One-time per Account?
  - One-Time per Character?
- What items do we want to sell to improve game play?



# The Five C's of MTX

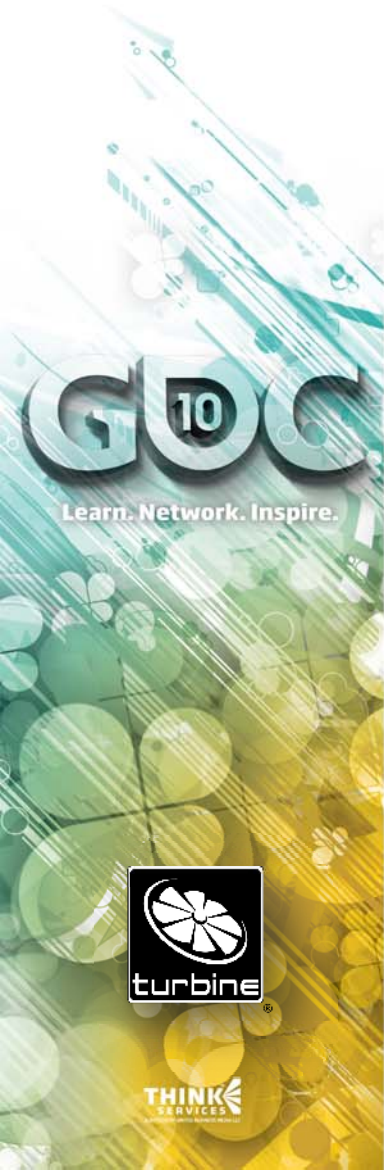
- Content
- Convenience
- Consumables
- Cosmetic
- Concierge Services





# Content

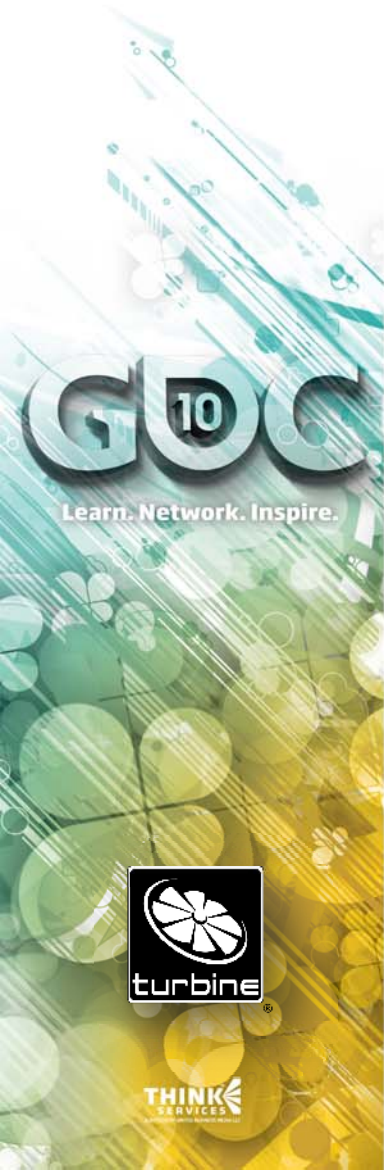
- Content Purchases are One-time per Account
  - Grants access from all characters on any server
- Social Consideration
  - Guest Passes let players buy temporary access for a party member
- Best Sellers
  - Classes
  - Races
  - Early and Mid-Level Adventure Packs





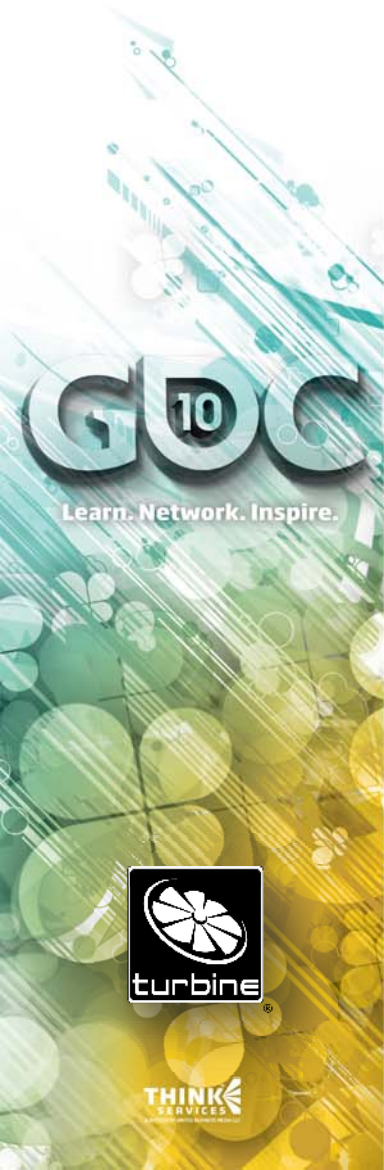
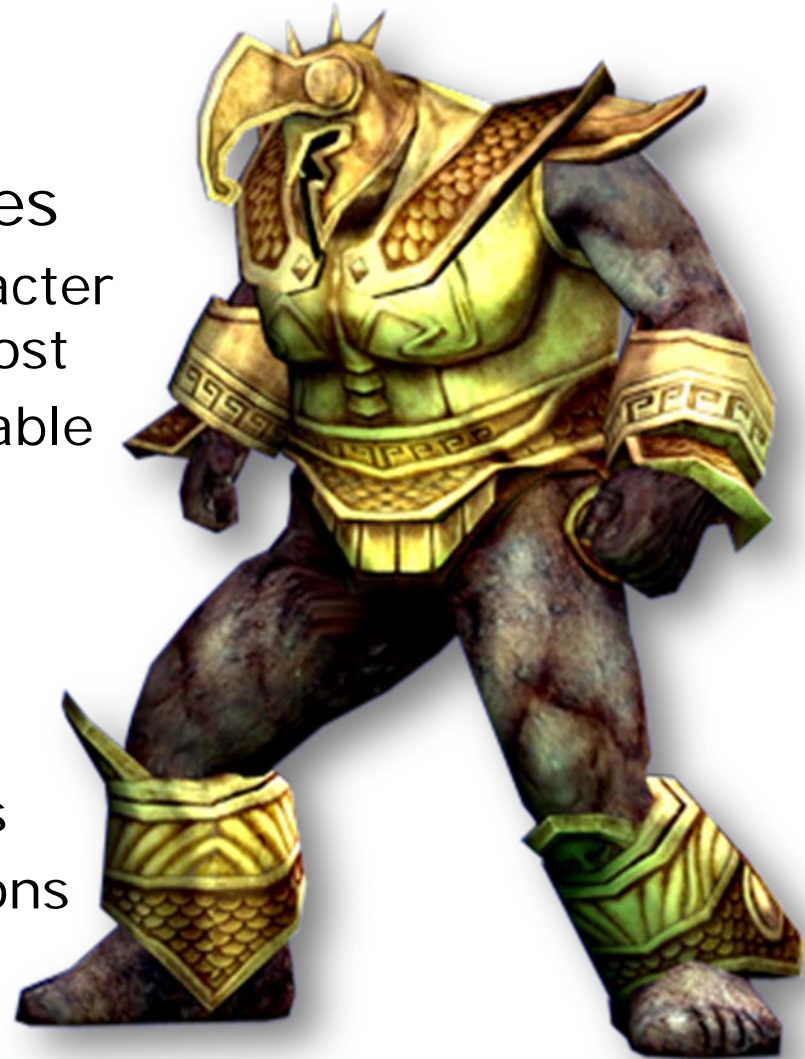
# Convenience

- Storage Features
  - Per character and per account options
  - Shared bank account is free to subscribers
- Favor Rewards
  - Purchase Account level unlock of content completion rewards available free to all players
- Best Sellers
  - Reward Unlocks
  - Storage Bags
  - Shared Bank Upgrade



# Consumables

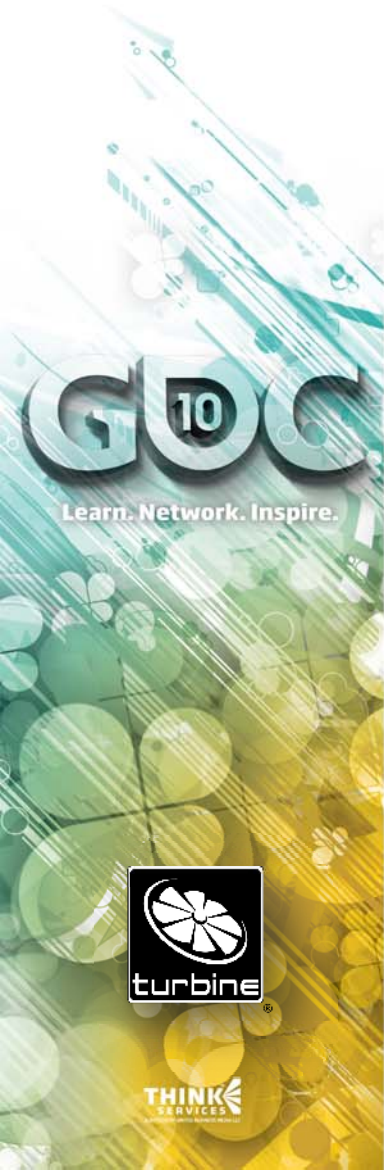
- No Named Items or High-end gear
- Stat +1 / +2 Tomes
  - One time per character permanent stat boost
  - +3s and +4s available in quest treasure
- Best Sellers
  - XP & Loot boosts
  - Tomes
  - Resurrection Cakes
  - Health / Spell Potions



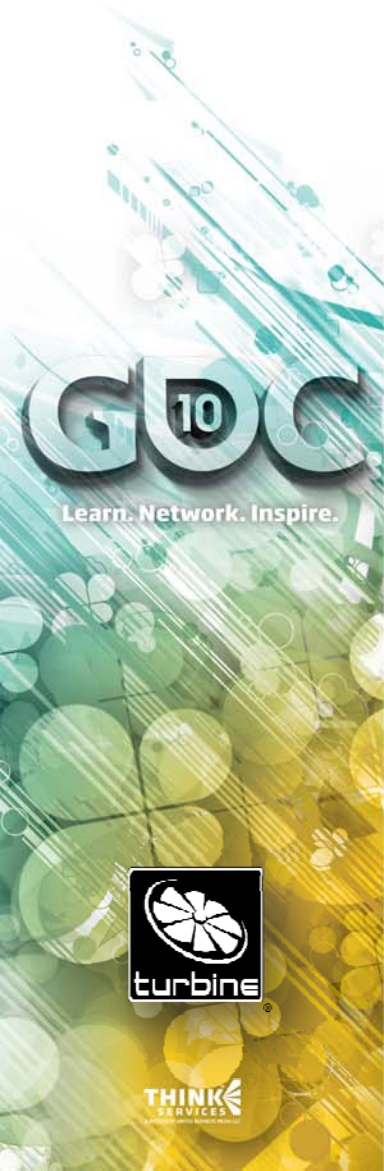


# Cosmetic and Concierge

- Reincarnation Res-spec System in Update 3
  - Re-spec looks, abilities and stats up to once per week
  - Store Exclusive
- Best Sellers:
  - Reincarnation
  - Pirate Bandana
  - Hair Dye







DDO Unlimited Launch

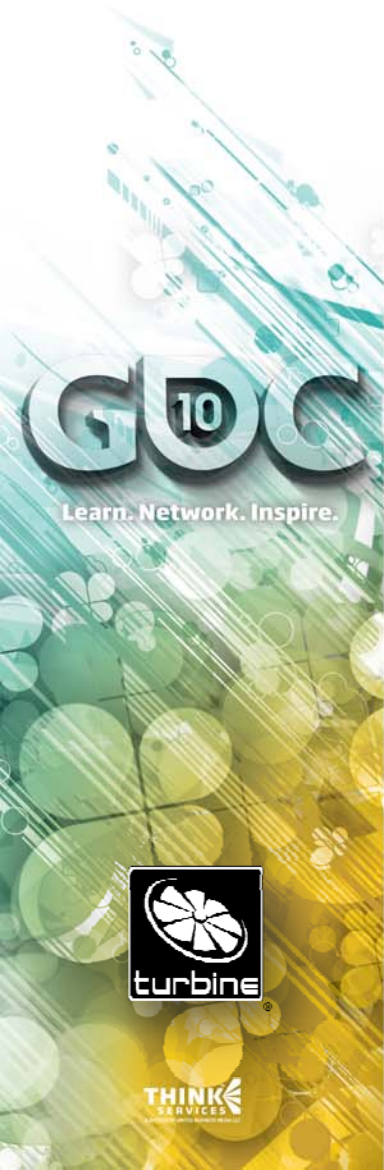
# Critical Reception and Player Response

# Critical Reception



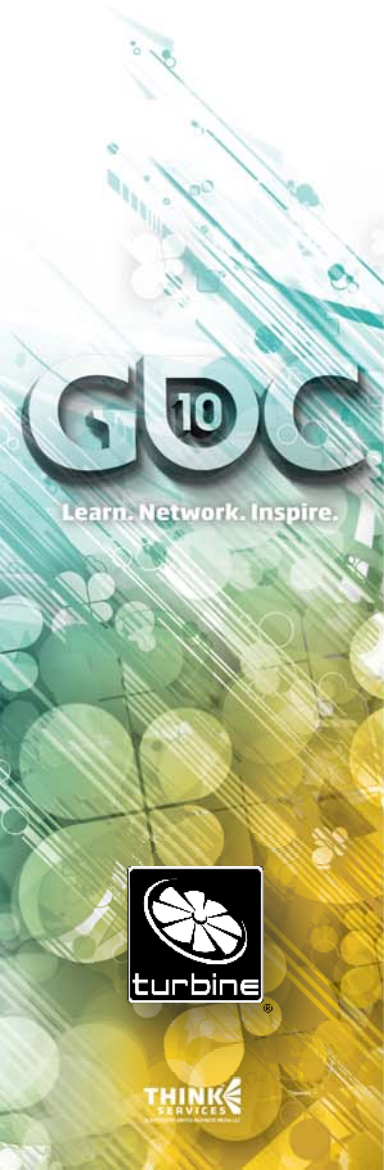
***"The most accessible online game of the decade."***

-- TenTonHammer.com



# Player Acquisition Impact

- **Over 1 Million** new players since DDO Unlimited launch in Sep. 09
- **Over 20%** former players reacquired
- Reduced acquisition costs
  - ↑ > **3x** ad click-through rates

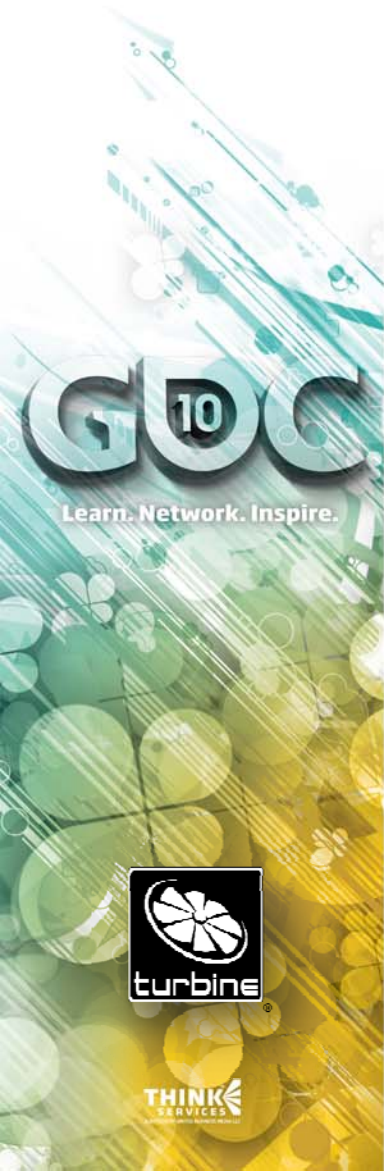




# Player Activity Impact

- Peak concurrent users **↑ Over 5X**
- Monthly active players **↑ Over 10X**
- Monthly revenues **↑ Over 5X**





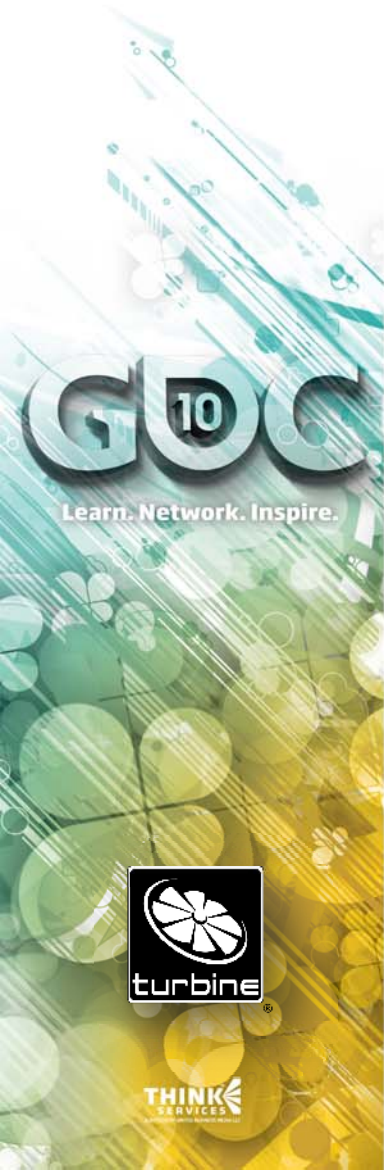
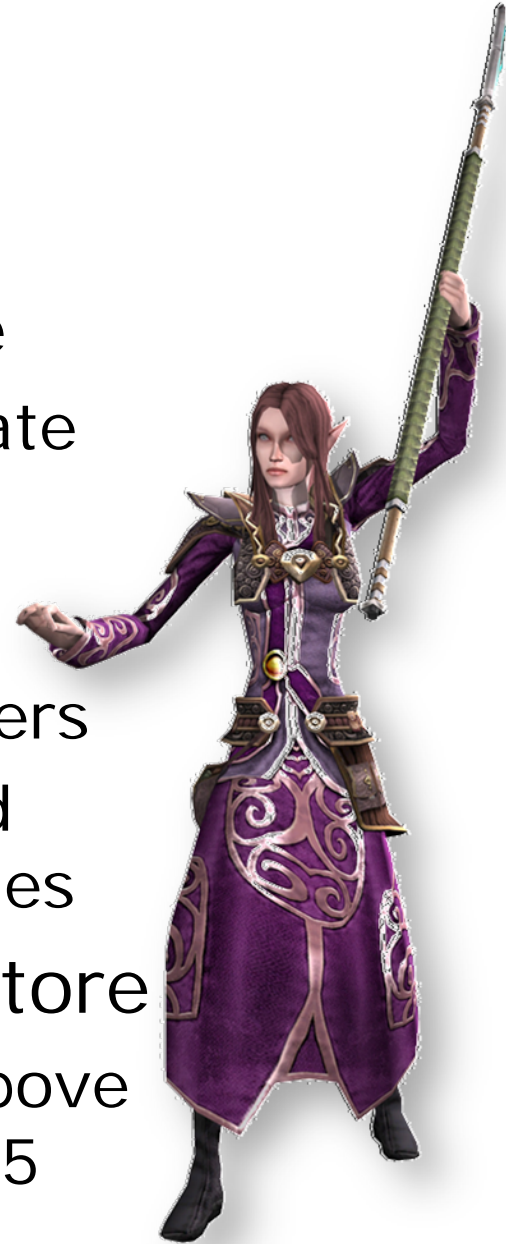
Micro-Transactions Results

# What Sells and What Drives Revenues



# Store Metrics

- High Level of Store Use
  - **70%** cart to checkout rate
- High Percent of Players Converting to Paying
  - Monetizing **20%** of players
  - Ahead of projections and believed industry averages
- Most Subscribers use Store
  - **21%** purchase points above monthly stipend worth \$5

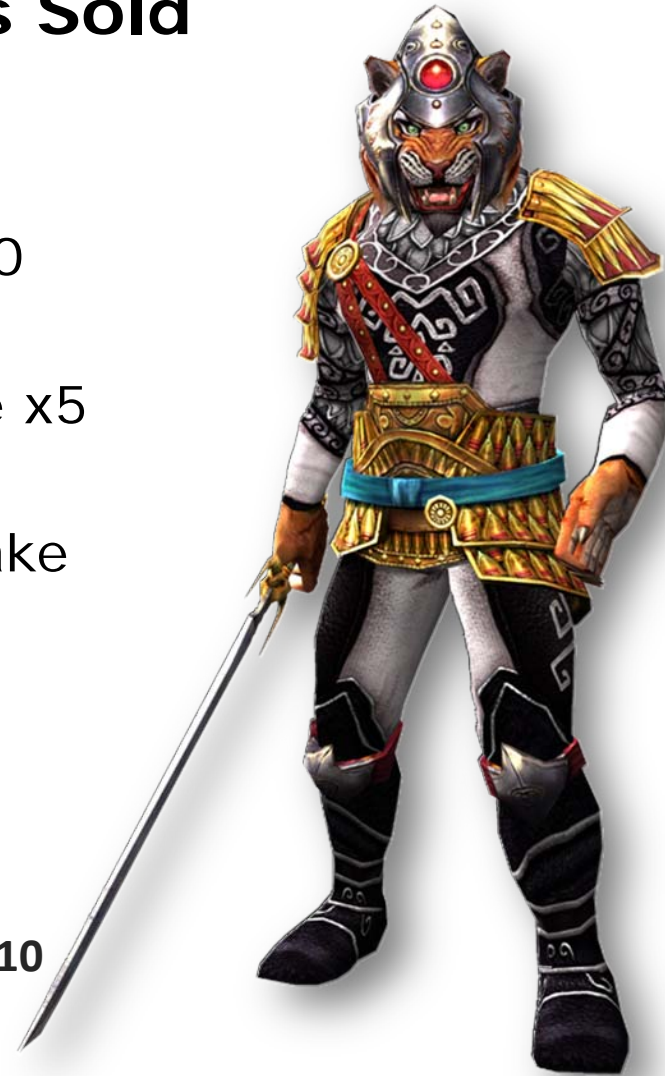




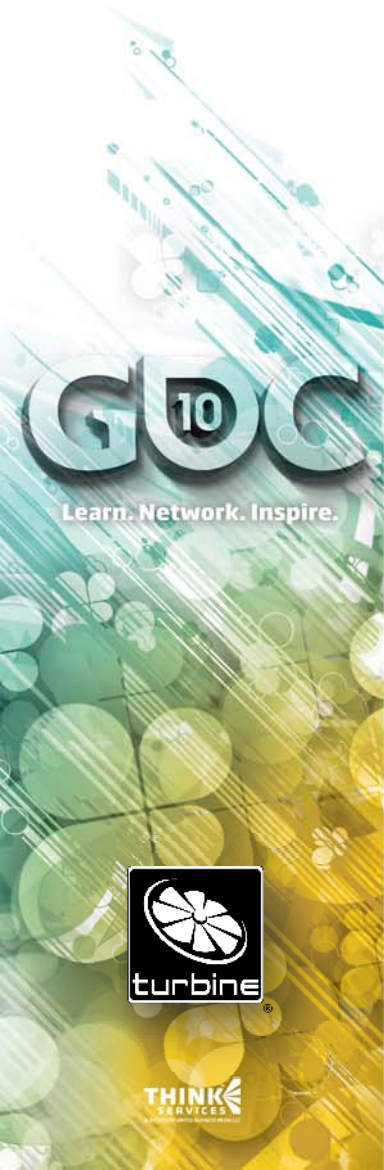
# Most Popular Items

## Top Sellers by Units Sold

- 1 Siberys Spirit Cake
- 2 Major Experience Elixir
- 3 Moderate Heal Potion x50
- 4 Copper Sigil of Leveling
- 5 Medium Jewel of Fortune x5
- 6 Best SP Potion x10
- 7 Greater Siberys Spirit Cake
- 8 Greater Experience Elixir
- 9 Bell of Opening
- 10 +1 Full Plate



**DDO Item Sales Sep 2009 – Feb 2010**



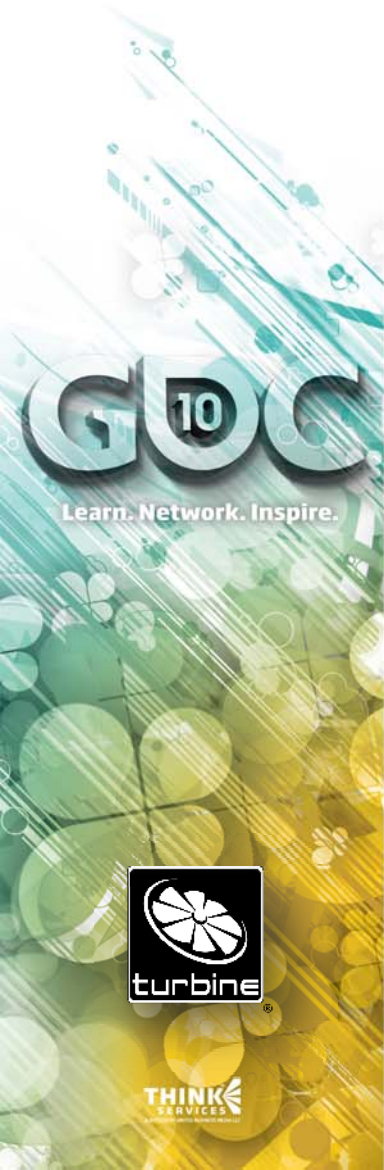
# Biggest Earners

## Top Sellers by Revenue

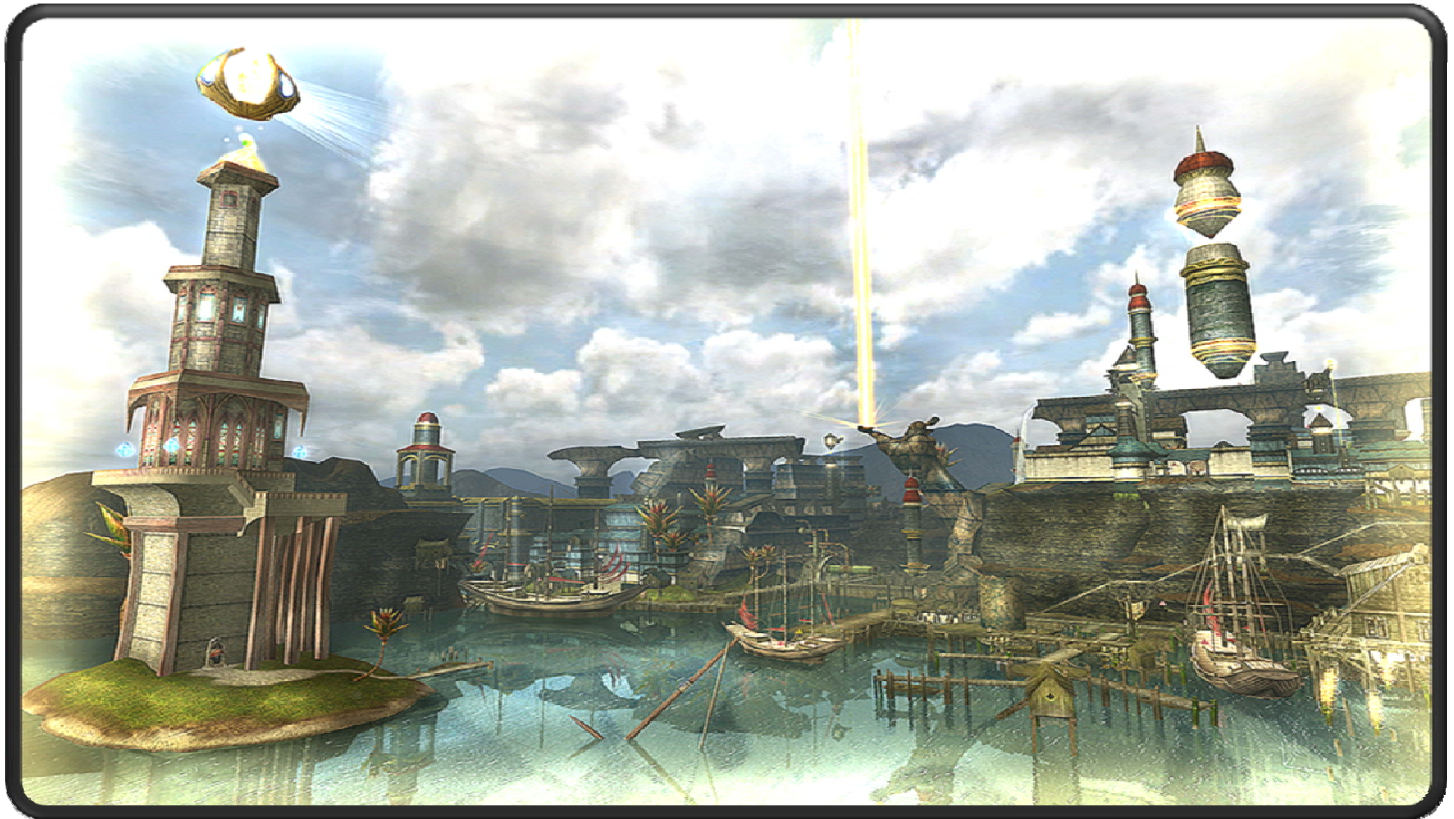
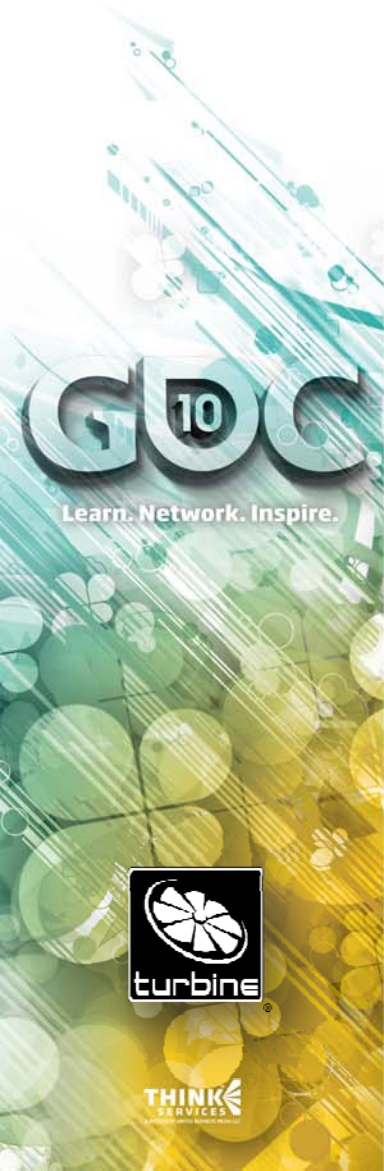
- 1 32 Point Build Characters
- 2 Major Experience Elixir
- 3 +2 Tome of Supreme Ability
- 4 Siberys Spirit Cake
- 5 Favored Soul Class
- 6 Drow Race
- 7 Character Slot
- 8 +1 Tome of Supreme Ability
- 9 Monk Class
- 10 Veteran Status Characters



**DDO Item Sales Sep 2009 – Feb 2010**







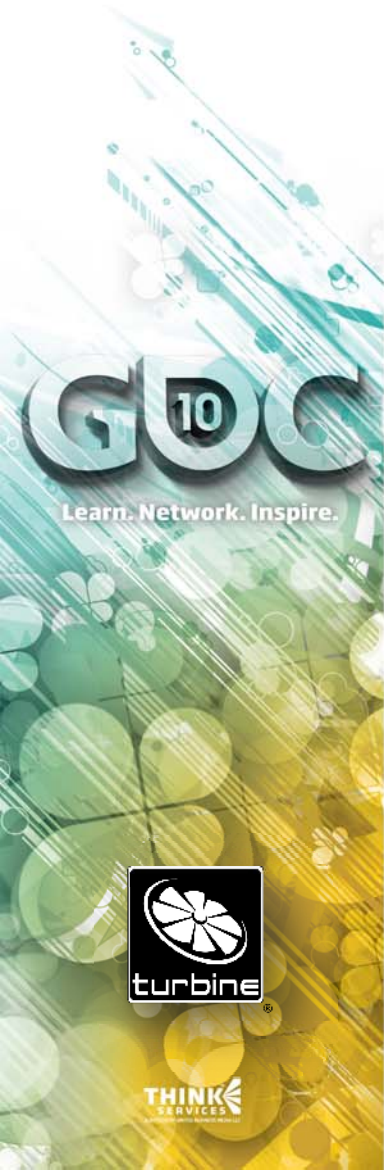
Early Results and Analysis

# It's a Brave New World



# Shifting Demographics

- Subscription Model (pre-F2P)
  - Age segments
    - ~ 15% under 25
    - ~ 50% under 35
  - Playtime
    - ~ 45% play 20+ hrs/ wk
- Hybrid Model
  - Age segments
    - ~ 25% under 25
    - ~ 57% under 35
  - Playtime
    - Free: ~35% play 20+ hrs/ wk
    - Subs: ~43% play 20+ hrs/ wk



# New Processes



Merchandise and Promote Store  
Offers for Revenue Optimization





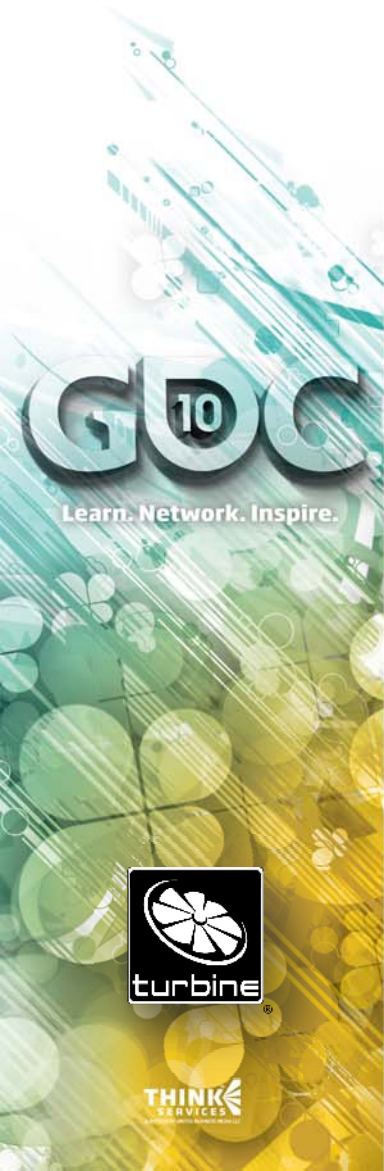
# Thinking Before & After: New Player Conversion

## Box + Subscription

*"How do we get new players to subscribe after the first 30 days?"*

## Free to Play + MTX

*"How do we engage new players and get them to keep playing?"*



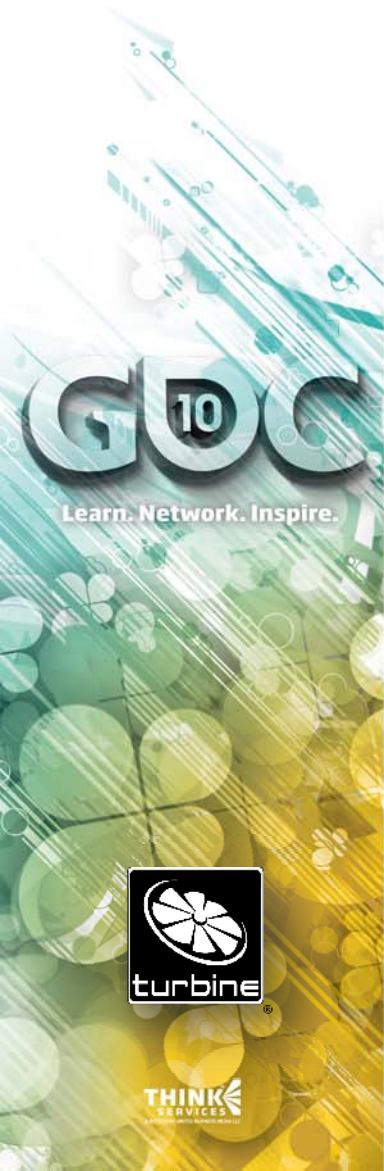
# Thinking Before & After: Play Time

## Box + Subscription

*"Do we need to  
slow progress  
to extend total  
play time?"*

## Free to Play + MTX

*"How do we get  
players to want  
to spend more  
time in game?"*





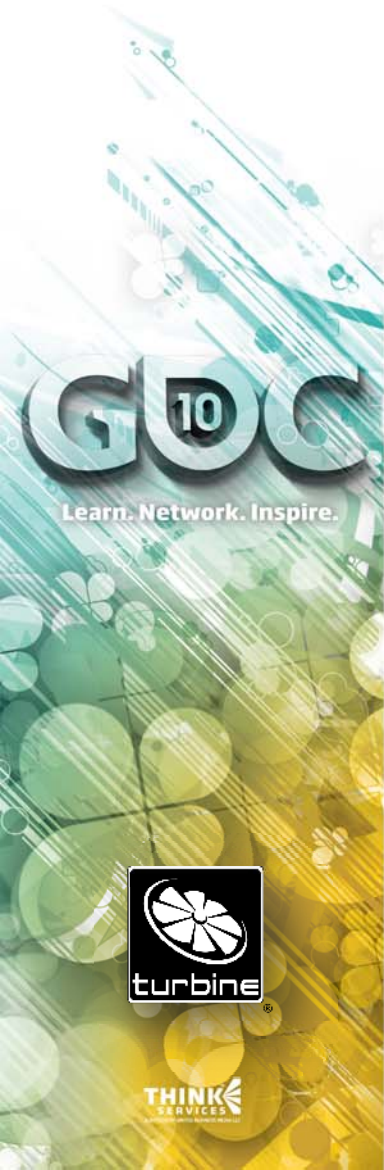
# Thinking Before & After: New Content

## Box + Subscription

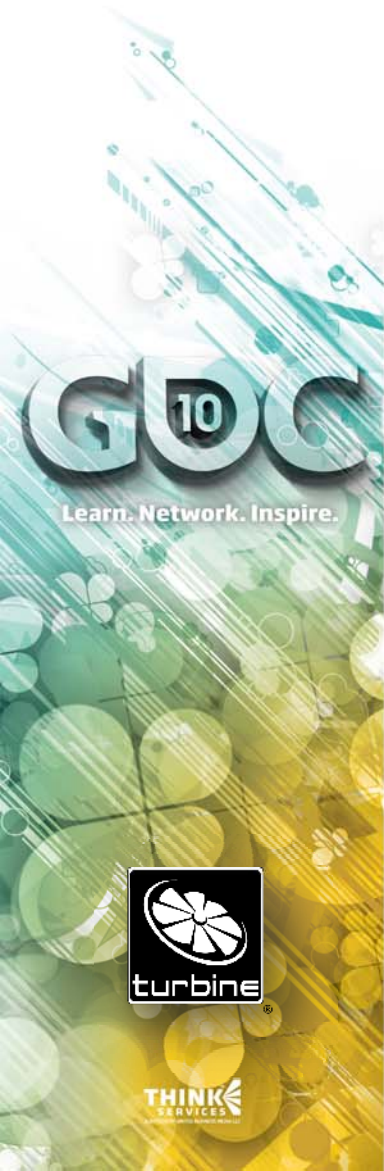
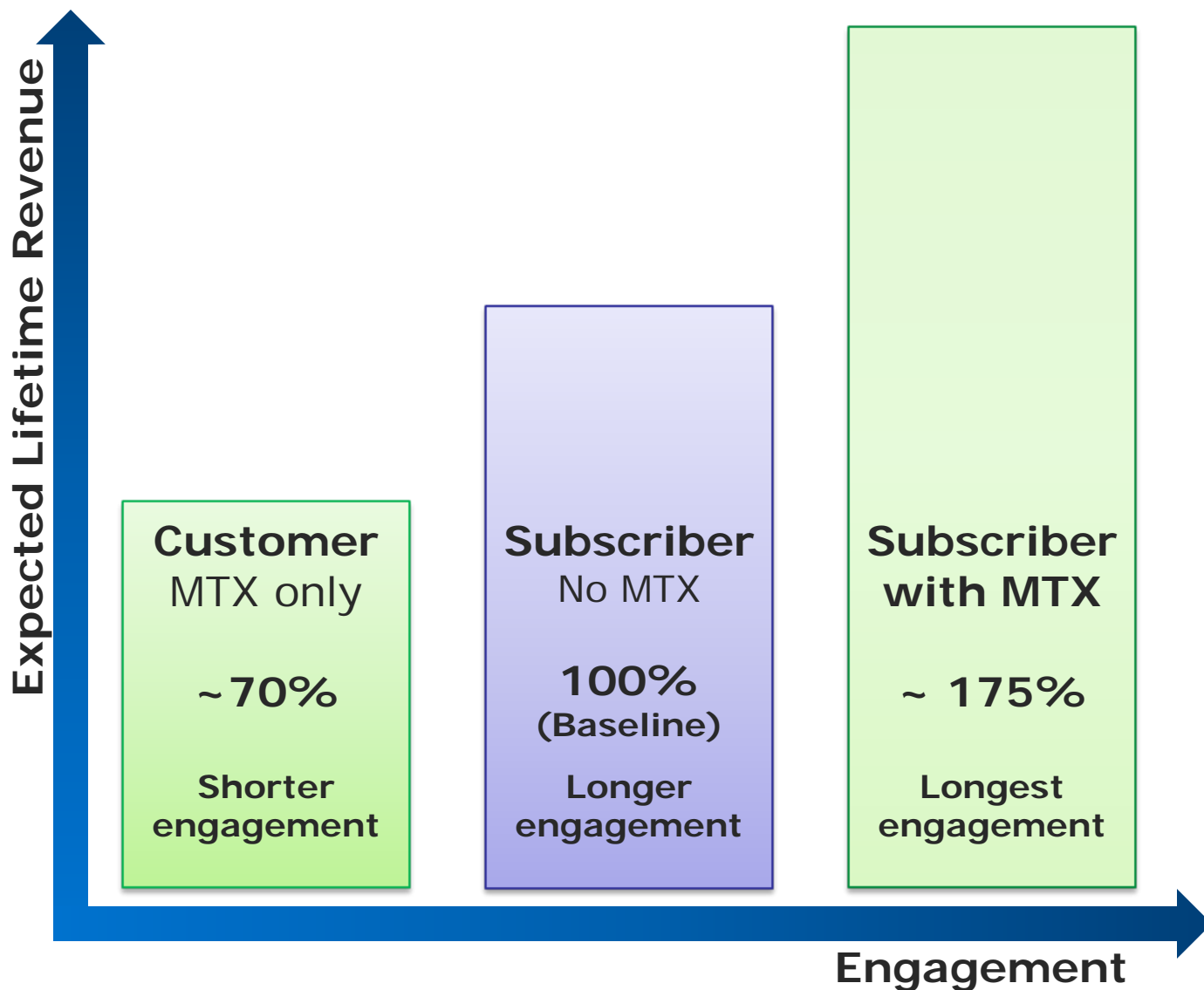
*"We have to build more content for elders to maintain subs."*

## Free to Play + MTX

*"We have to build more of what's selling."*

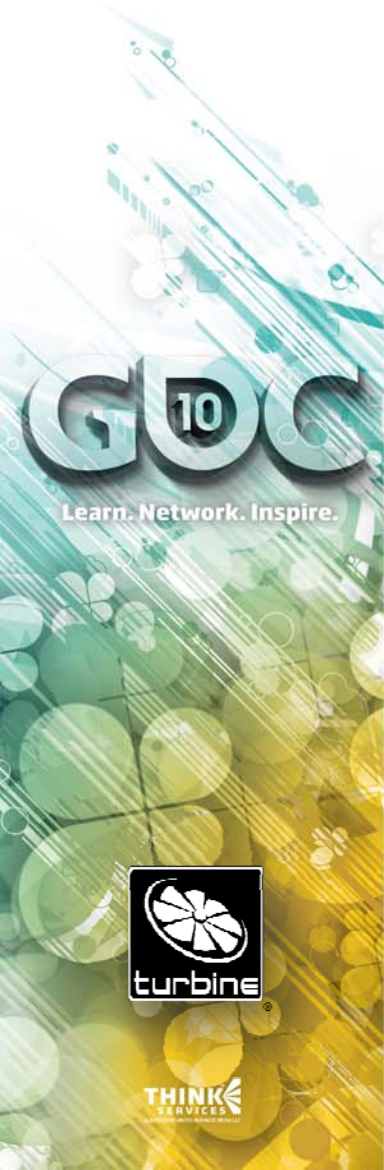
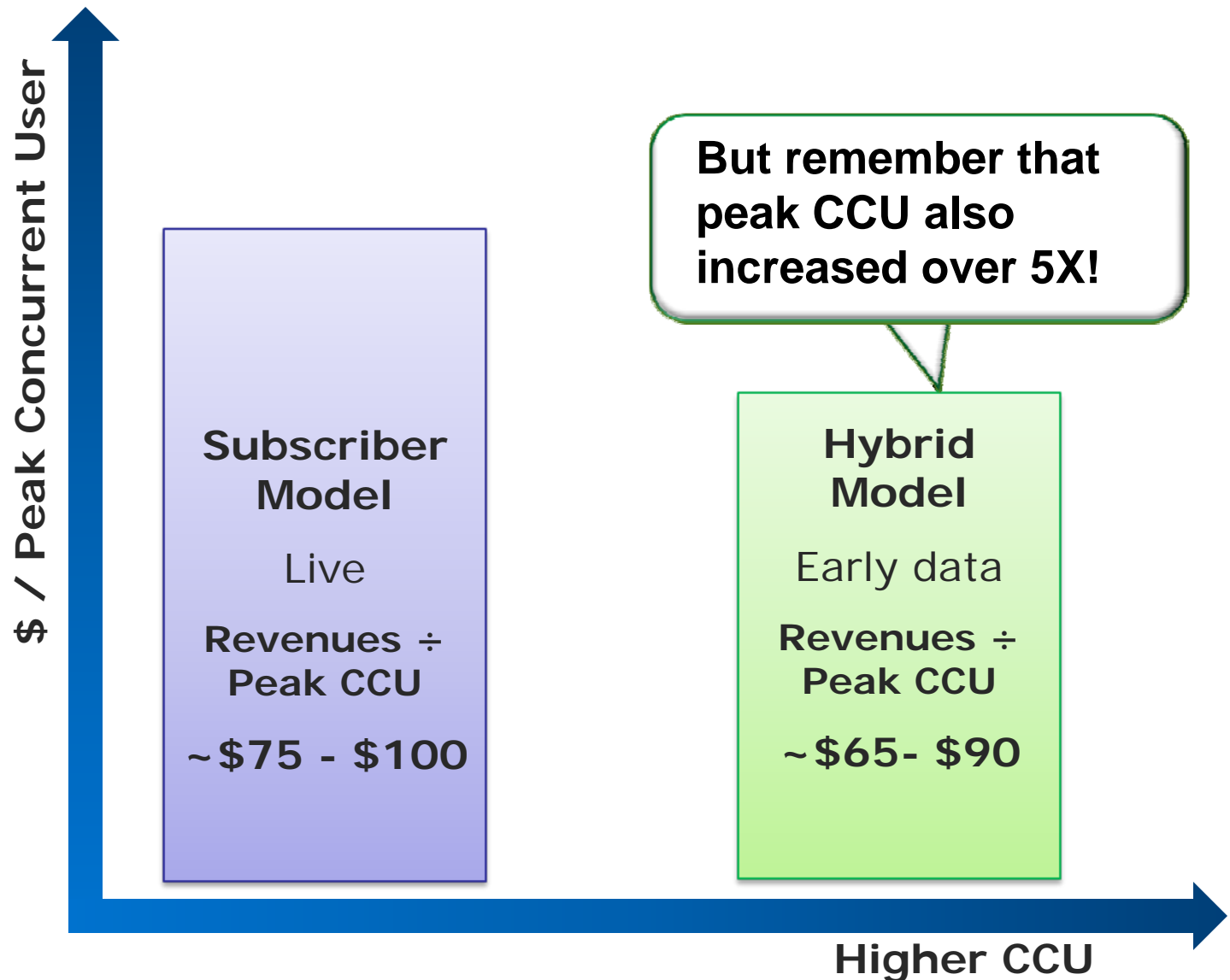


# Estimated Lifetime Revenues vs. Sub Model



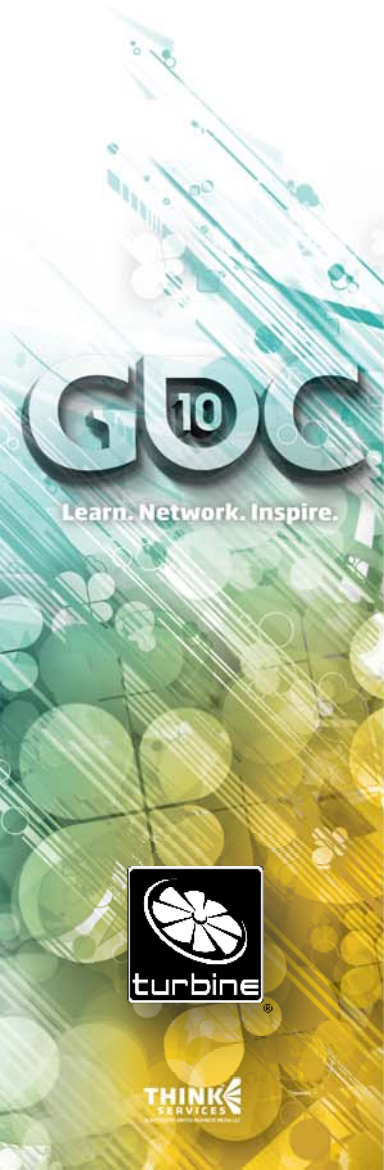


# Approximate Monetization Performance by CCU



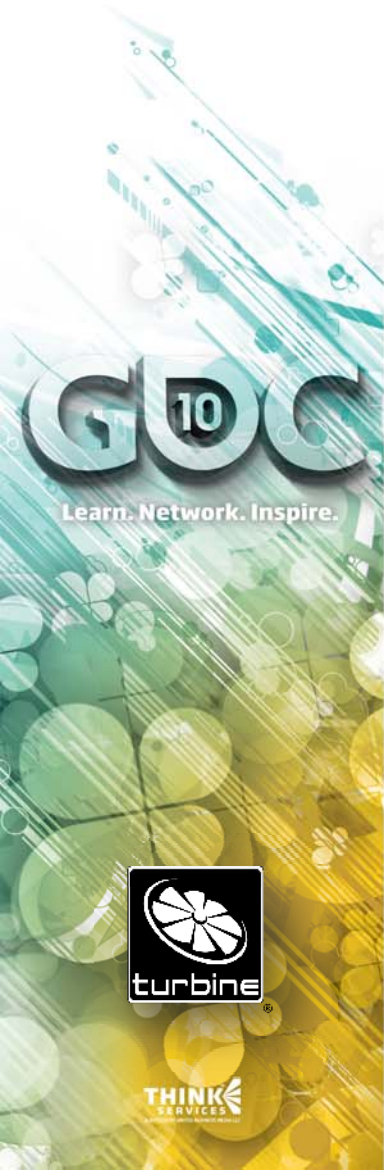
# What Went Right

- Repositioning and launch
  - Free message resonated with players
- Balance between time/money
  - Players choose what they value more
- Balance of what's sold/earned
  - No major backlash on selling items
- Beta testing with real money
  - Granted back points on live at launch
- VIP Subscription plan
  - More than doubled Sub count
- Reacquisition of cancelled players
  - Easy to start playing again for free



# Fine Tuning Post-Launch

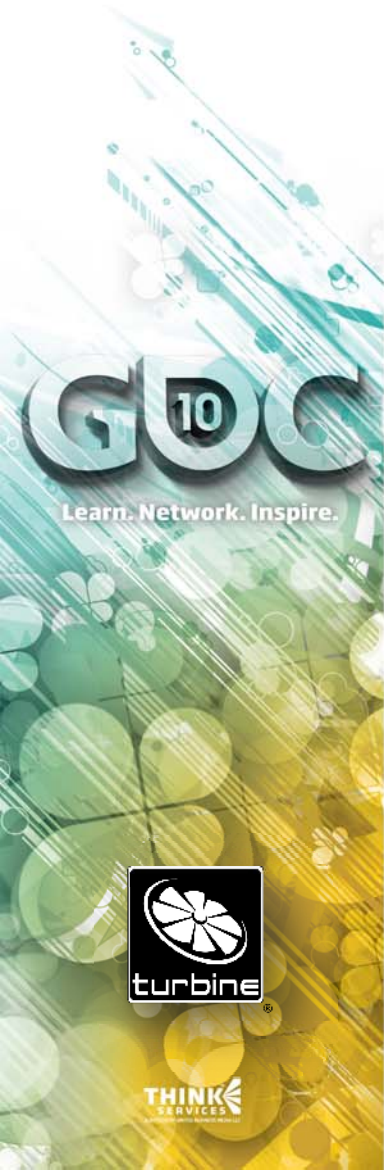
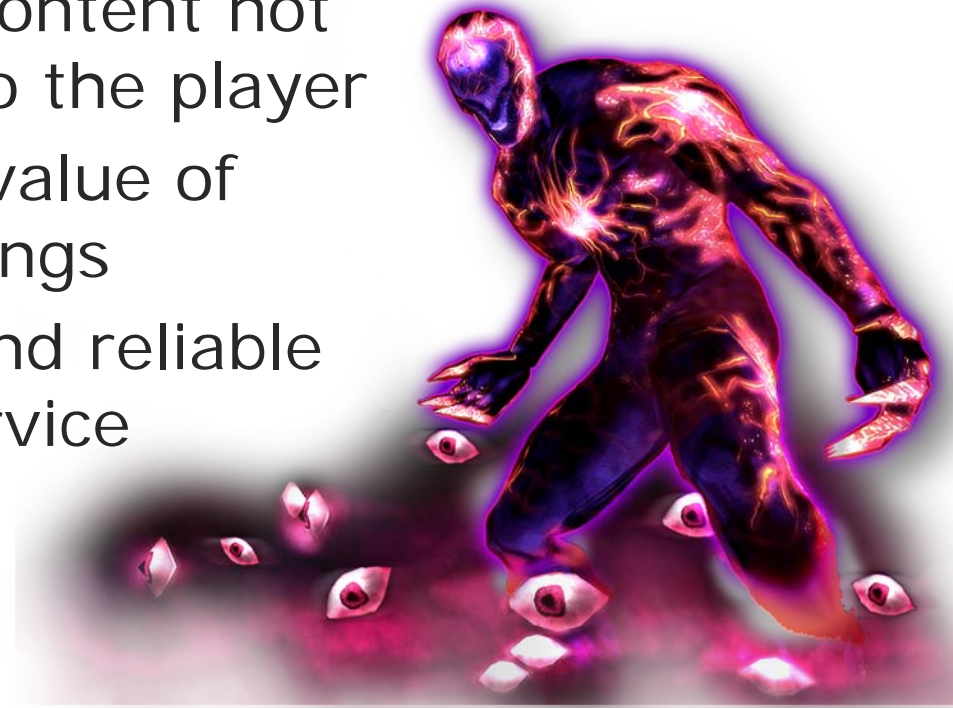
- Retroactive Rewards
  - Progression based Turbine Point rewards made retroactive for veteran players
- Is it Free Enough?
  - How much should be Free to hit the desired acquisition rate?
  - Dropped Leveling Sigils and added Free High-level content in Update 3
- Continuously Test and Adjust Pricing
  - Beta imperfect for price testing
  - Sales reveal key price points
- New audience is more Casual
  - Added challenge scaling during Beta
  - Casual mode introduced in Update 3





# Foundations for Success with a F2P / MTX Model

- Make it easy for players to get and stay engaged with the game
- High-quality frictionless purchase experience integrated into game client
- Store filters content not appropriate to the player
- Breadth and value of product offerings
- Responsive and reliable Customer Service



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**THINK**  
SERVICES



# Q&A / Discussion

Or contact me at [fpaiz@turbine.com](mailto:fpaiz@turbine.com)