GDC 12 ONLINE

Bootstrapping 101: How college kids built a thriving game company in under 3 years

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@JustinKBeck

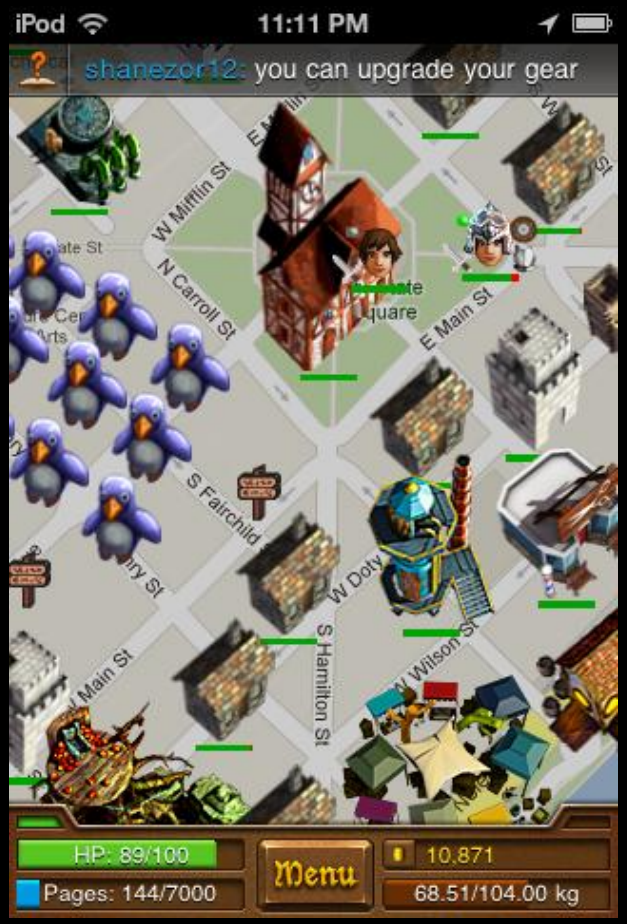
GAME DEVELOPERS CONFERENCE® ONLINE
AUSTIN, TX
OCTOBER 9–11, 2012
EXPO DATES: OCTOBER 9–10
2012

Why am I here today?

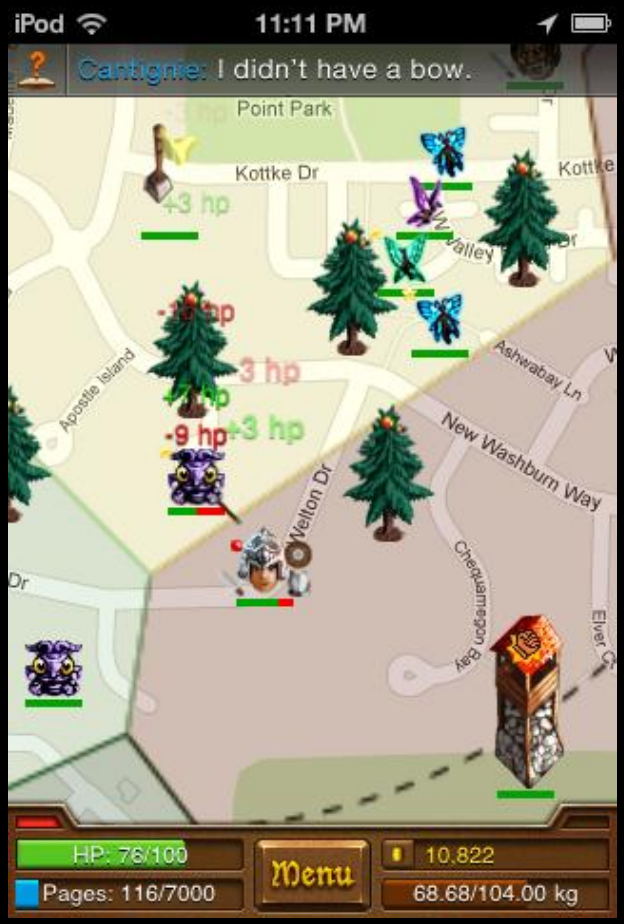
Infect **you** with the virus of entrepreneurship.

PerBlue Inc.

Parallel Kingdom
AGE OF THRONES


iPod
11:11 PM
shanezor12: you can upgrade your gear
W Mifflin St
N Carroll St
E Main St
S Fairchild
W Doty
S Hamilton St
W Wilson St
Main St
HP: 89/100
Pages: 144/7000
Menu
10,871
68.51/104.00 kg

iPod
11:11 PM
Menu
Items
Messages
Create
Skills
Character
Players
Travel
Chat
Food
HP: 89/100
Pages: 144/7000
Map
10,871
68.51/104.00 kg

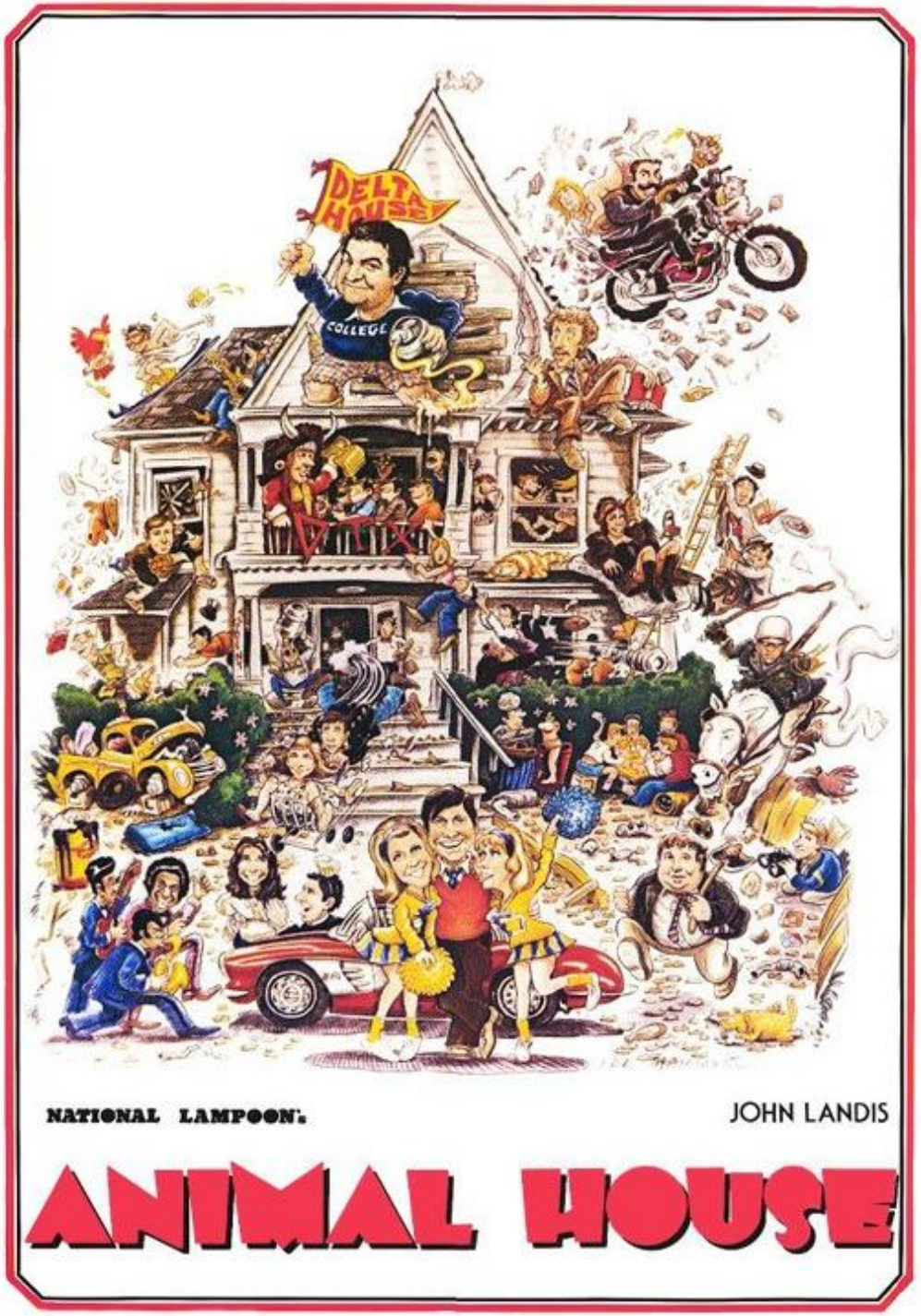

iPod
11:11 PM
Cantigme: I didn't have a bow.
Point Park
Kottke Dr
+3 hp
-9 hp
+3 hp
Apostle Island
Ashwabay Ln
New Washburn Way
Velton Dr
Chequamegon Bay
HP: 76/100
Pages: 116/7000
Menu
10,822
68.68/104.00 kg

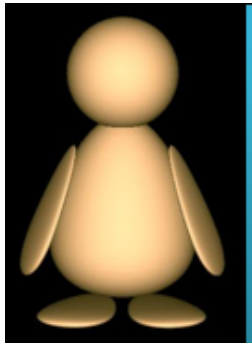
iPod
2:33 PM
Back
Buy Food
365 Food
Survival Pack
$2.99
860 Food
Camping Trip
$6.99
1905 Food
Family of Four
$14.99
4725 Food
Company Picnic
$34.99
9845 Food
Feeding of the 5000
$64.99
HP: 100/100
Pages: 2494/3500
Menu
1,376,742,528
2567.24/5421.00 kg

iPod
2:46 PM
no
Back
Limited Time Swag (13)
Dragon Tooth Dagger +0 10% - Limited Time Swag!
500 Food
Gray Football Helmet - Limited Time Swag!
525 Food
Blue Football Helmet - Limited Time Swag!
525 Food
Yanglong Dragon Scalemail +0 10% - Limited Time Swag!
525 Food
Forbidden House Decoration - Limited Time Swag!
675 Food
HP: 100/100
Pages: 0/10300
Menu
7,684
625.27/1724.00 kg

How did this start?

2008


DELTA HOUSE
COLLEGE
NATIONAL LAMPOON'S
JOHN LANDIS
ANIMAL HOUSE



Little Dudes

Version 1.0

are waiting for you

12:56 PM
Store
Music
Internet
Chat
Organizer
Security
News
Help
Downloads
Business
Certificates
Search
Camera
Messages
Settings

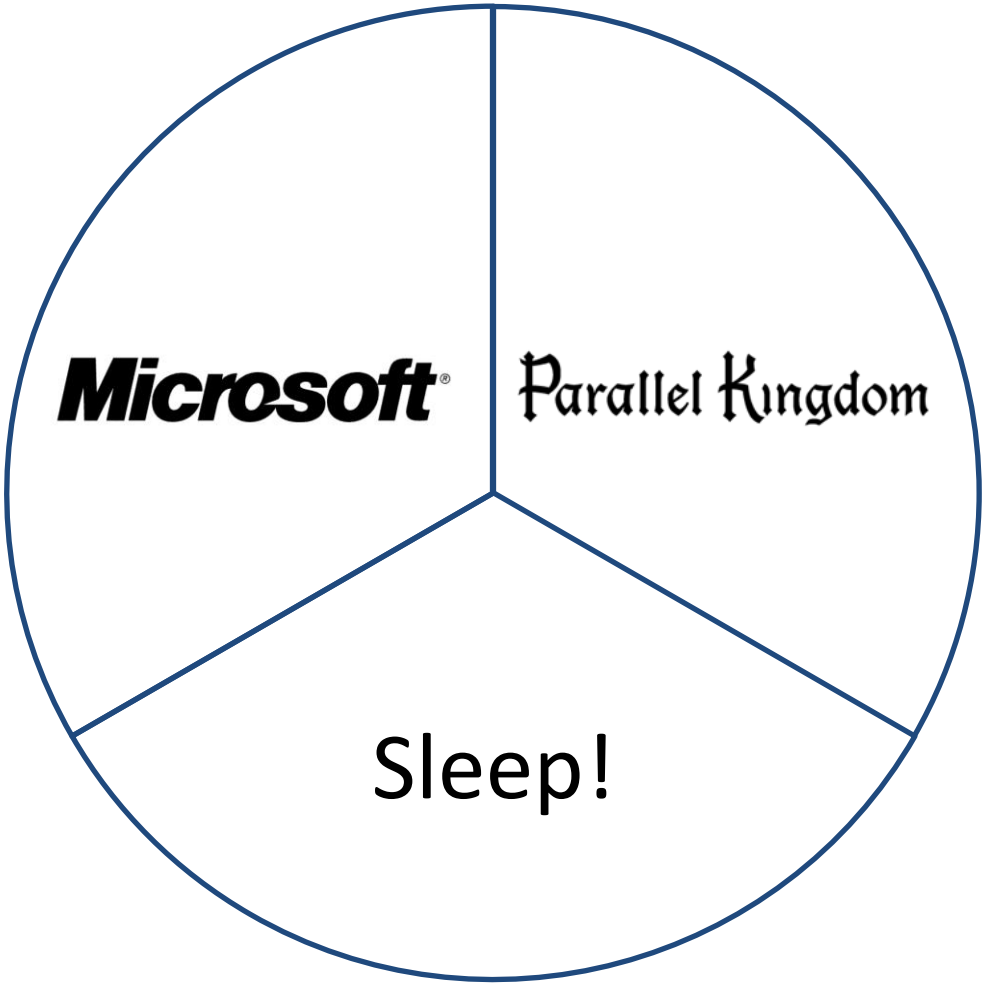
100
10000 $

Parallel Kingdom

Age of Thrones

Microsoft®

My life @ Microsoft



The real cost is not just time.

Stress

Focus

Microsoft offered me a great job.

Take M$ job or continue to bootstrap?

Microsoft®

Why did I turn down the job offer?

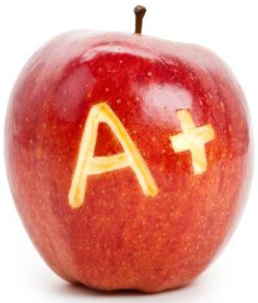
Mobile Opportunity

Microsoft will always be around.

Parallel Kingdom
Age of
Gathering
Coming to the World
March 28th, 2009
PROUD
ENGINEERING
EXPO 2007
Carton of Eggs $ 3
Oil Mask $ 14
Tickets to a Brittney Concert $ 54
Beg the crap out of America's Pop Princess
...Priceless

PARALLEL
MAFIA

The real value isn’t the money.



Education

Let’s Compare

Start Up Job | **Corporate Job**

2080 Hours

Job Satisfaction — **Fun People** — **$35K**

Extreme Misery — **Bad Boss** — **$70K**

Is more $$ worth more misery and less satisfaction?

Don’t let upfront cash buy you.

Getting Offered Really Early Money

Terms That Stink

- Small investment
- 1 board seat out of 3
- 10% share of the company
- Preferred Stock – protective provisions

We didn’t trust them.

We’re officially Bootstrapping.

Assembling the team

Stock Options

How do stock options work?

Early Stage Employee Stock Options

- Really low price per share
- PT work .1% for a year
- FT work .4%-.8% for a year

Key to compensation:

Good outcomes for the **company** and **employees**.

Why did people choose this?

World's First
Location-Based
MMORPG

After 11 months of development…

We still weren't shipped.

DUKE NUKEM™
FOREVER

We have to ship.

~~Kingdoms~~
Send Messages
~~Crafting~~
~~Mines~~
~~Caves~~
~~Warp travel~~
~~Armories~~
~~Crystal~~
~~Oil~~
~~Weather~~
~~Towers~~
~~Leveled Weapons~~
~~Ranged Weapons~~
~~Pets~~
~~Mini games~~
~~Trading~~
~~Merchants~~
~~Mingling~~
~~Female character~~
~~Flags~~
~~Spells~~
~~Water~~
~~Event feed~~
~~Alliances~~
~~Geotargetted marketing~~
~~Ranged weapons~~
~~Magic~~
~~Web view~~
~~Tutorial~~
~~Customizable items~~
~~Item naming~~
~~Territory naming~~
~~Sheep~~
~~Avatar customization~~
~~Dungeons~~
Collect Gold
~~Payment~~
~~Subscriptions~~
~~Tradeposts~~
~~Claiming Land~~
~~Invites~~
~~Cities~~
~~Global chat~~
~~Quests~~
~~Giant turtles~~
~~Scrolls~~
~~Grove~~
~~Rankings~~
Kill Monsters
~~Hats~~
~~Research~~
~~Academies~~
~~Armories~~
~~Societies~~
~~Oxen~~
~~Sign Posts~~
~~Flowers~~
~~Statuses~~
~~Larva~~
~~Plants~~

The easiest way to kill your company is by not killing features.

We launch!

TechCrunch

Parallel Kingdom Set To Launch One Of First iPhone/Android MMOs

by **Jason Kincaid** on October 10, 2008 **14 Comments**

Since the launch of the iPhone App Store, we've seen a **wave of geo-aware social networks** that make use of the phone's GPS (or in the case of the original iPhone, pseudo-GPS). Each of these apps aims to help facilitate social interaction by locating nearby friends, points of interest, or people you might be interested in meeting (but might not know yet). There's little doubt that some incarnation of one of these apps will help shape the **future of social networking**, but there's still a huge geo-aware market that has yet to be tapped: Games.

Parallel Kingdom, launching at the end of the month, is set to become one of the first

2009

EXPO

Some Context

“Got a lot of potential.”

“I don’t have enough creatures in my circle.”

“I am sick of driving around.”

People don’t move.

“I hit my neighbor’s cat while driving because I was playing PK.”

How do we make a location-based game not so... location-based?

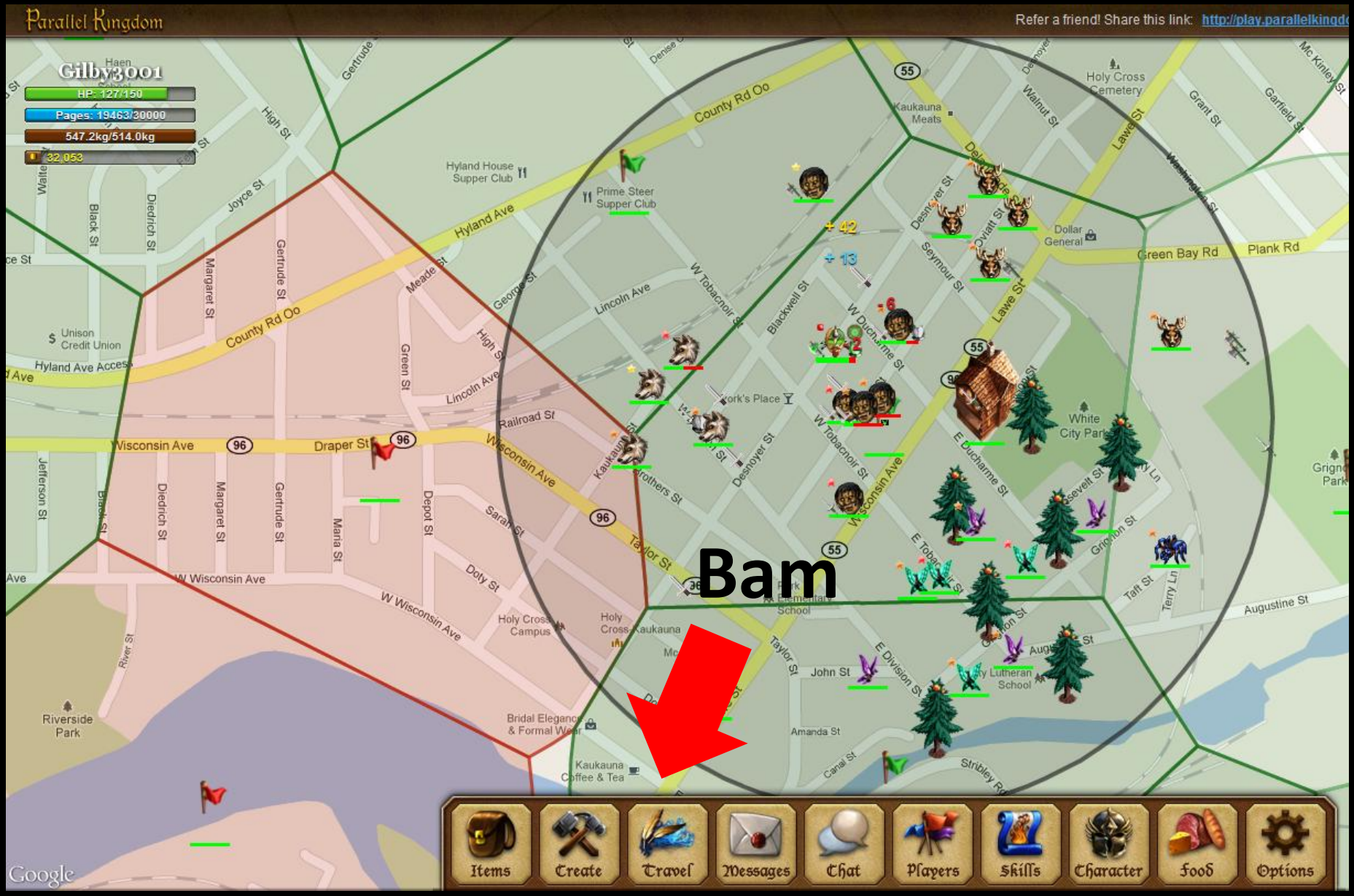
Sh*t.

There is more to location than just being there.

TIONS
AFTER ME ! CROSS FROM
TO SHORE,

PK

We adjusted our strategy.


Parallel Kingdom
Refer a friend! Share this link: http://play.parallelkingdo
Gilby3001
HP: 127/150
Pages: 19463/30000
547.2kg/514.0kg
32,053
Bam
County Rd Oo
Hyland Ave
Wisconsin Ave
Draper St
Railroad St
Taylor St
Lincoln Ave
Green Bay Rd
Plank Rd
Holy Cross Cemetery
Kaukauna Meats
Hyland House Supper Club
Prime Steer Supper Club
Dollar General
Unison Credit Union
Holy Cross Campus
Riverside Park
Bridal Elegance & Formal Wear
Kaukauna Coffee & Tea
White City Park
Items
Create
Travel
Messages
Chat
Players
Skills
Character
Food
Options
Google

We’re broke.

When you’re out of money, the ship stops.

I'M
DEAD

Initial Revenue Model: **Subscription Based**

This was before Virtual Goods were pop culture.

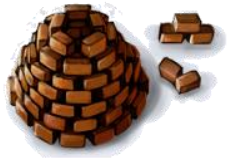
But we were scared of a pay wall.

PK

Where players spend Food is important.

Virtual Goods Expenses

Purchase Swag



Level Up

Refine Oil

Customize Weapons

Change Skill

Tradepost

2:11 PM
◇☆◇{Łøşt}☆Şiŋży◇...
Pen#15.....
+14 gold
HP: 100/100
PAGES: 901/40,000
Menu
2,350
103,637.62/1,312,919.

2:11 PM
Back
Limited Time Swag (8)
Filter Items...
RUNESTONE - Limited Time Swag!
300 food
Goldfall Dragon Scalemail +0 100% - Limited Time Swag!
475 food
Goldfall Dragon Shield +0 100% - Limited Time Swag!
500 food
Goldfall Crossbow +0 100% - Limited Time Swag!
500 food
Jotunn Longbow +0 100% - Limited Time Swag!
525 food
HP: 100/100
PAGES: 901/40,000
Menu
2,350
103,637.62/1,312,919.

We had the revenue model.

We needed money to launch.

How can we fund this?

Angel or VC round

Friends and Family round

Start doing contract work

Friends and Family

Friends and Family: **Important Things**

- Can spend the money
- Family reunions won’t turn violent

Family and Friends Terms

- $72,000
- Common Stock
- 3.5% of the company
- Very **Trusting** and **Trustworthy** people

The night before launch…

It Worked!

2010

DC 1404 M
PHU-COUGH!!
RANGERS

Raising Growth Capital

Raising Growth Capital

- We were profitable
- We employed 7 full time people
- Increasing cash flow
- Had a solid team

Many investors asked us to move to CA.

Perks of being in the Bay

Perks of **not** being in the Bay

Pros & Cons

	San Francisco	Madison, WI
	Excitement / Buzz Access to Funding	Low Cost of Living Great Talent Pool Retention is Easy Focus
	High Cost of Living Very Competitive	Far from the Bay Harder to Raise Funding Biz Dev is Difficult

The Results

- Oversubscribed
- Looking for $300k, total of $800k raised
- Good investors that are trustworthy
- 40% West Coast, 60% Midwest

2011

PerBlue
Google
OUTBACK BOWL
DESKATE
Red Cow

Scaling Revenue

Niche products have more legs than you think.

Stay Laser Focused

Starting multiple new products with small teams **didn’t work**.

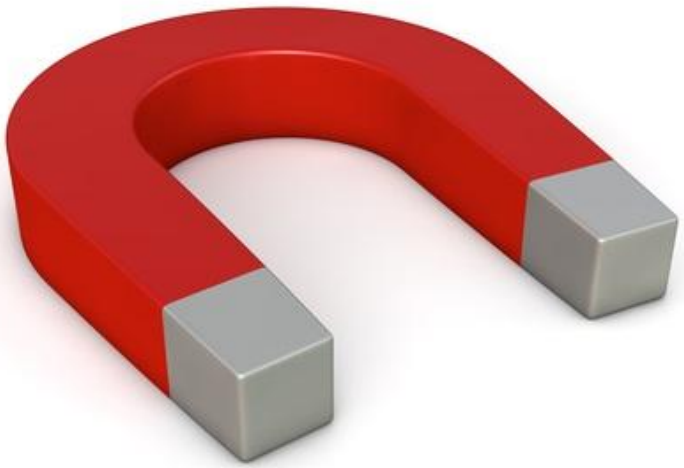
Things that worked

Improving new player experience

Optimizing profitable features

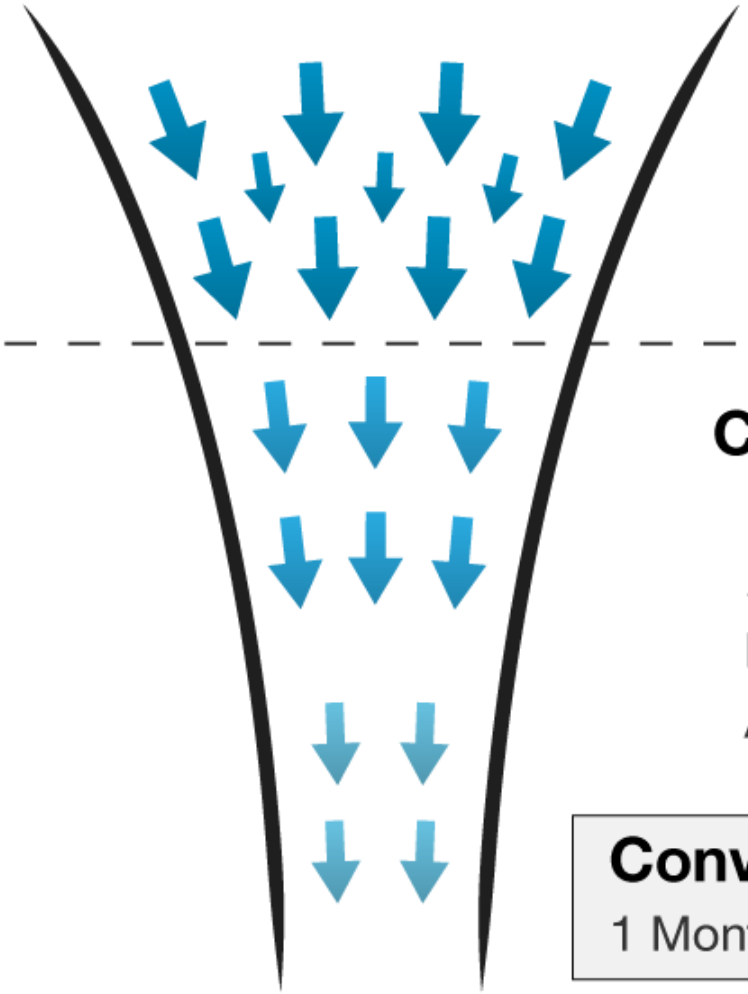
Improving referral systems

Improving payment flow



Investing in ROI positive marketing

Scaling Customer Acquisition



All New Users

Average LTV = $3.25/user

Converted Users

Organic Conversion = 15%

Average Converted LTV = $21.75/user

Paying Conversion = 22%

Average Payer LTV = $95.00/user

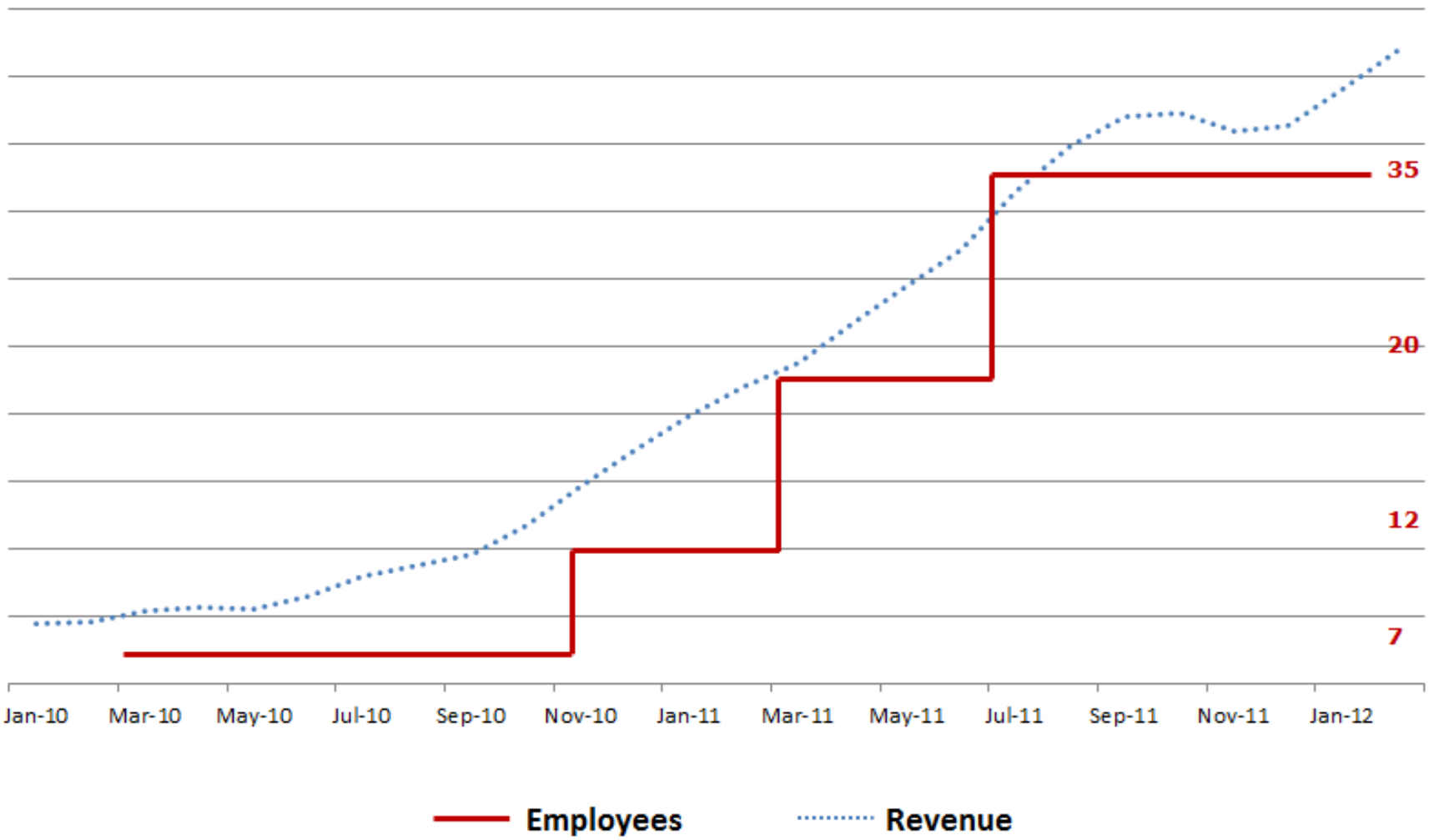
Converted User Retention

1 Month: 41% 6 Month: 15% 12 Month: 12%

Cost of User Acquisition < LTV of customer

Cash flow growth is awesome.

We reused $800k to grow our team 3 times.



2011 Results

- **3.4x** revenue growth
- **2x** DAU growth
- Record new accounts
- Record daily revenue

2012

PARALLEL ZOMBIES

What are we working on now?

PARALLEL
MAFIA
CASINO
LIQUOR
BAR
DARK

PARALLEL ZOMBIES

Benefits of this strategy

Parallel Kingdom

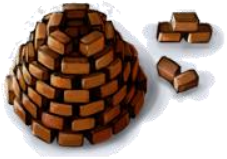
PARALLEL ZOMBIES

PARALLEL MAFIA

- Build a “Parallel” brand
- Shorter dev time
- Stick to our strength
- Stackable revenue streams

Virtual Goods Expenses

Purchase Swag	**37%**



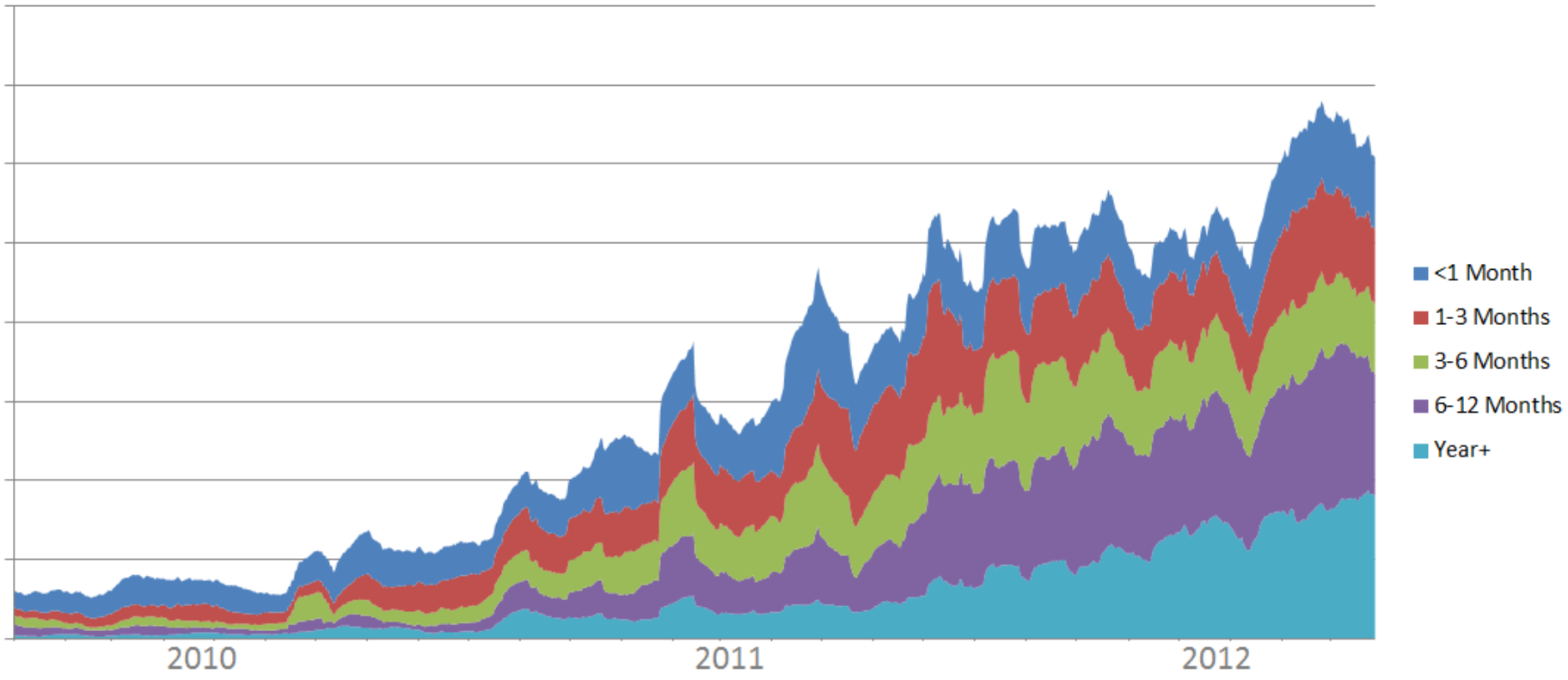
Level Up	**22%**

Refine Oil	**15%**

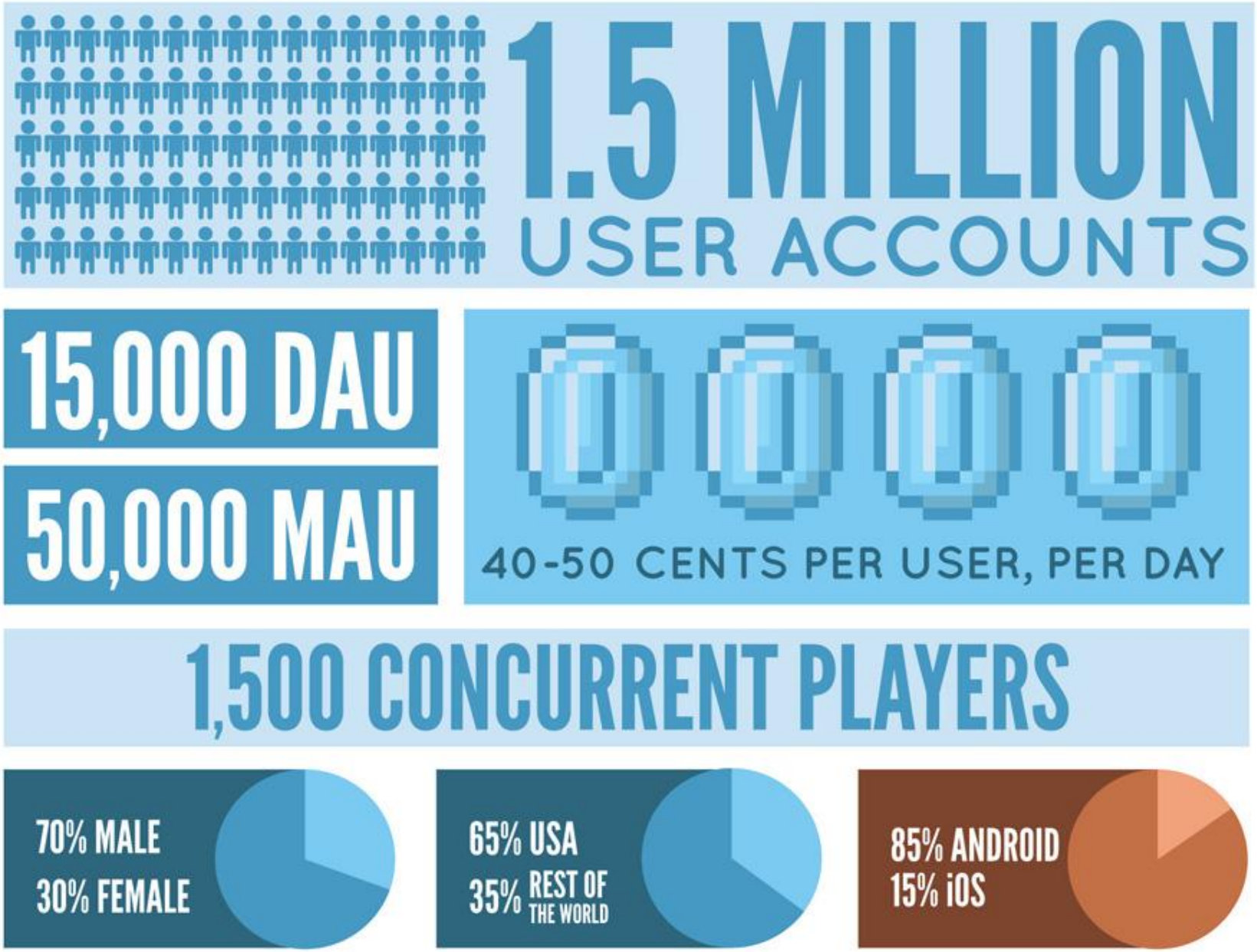
Customize Weapons	**16%**

Change Skill	**10%**

Player ❤️ Graph

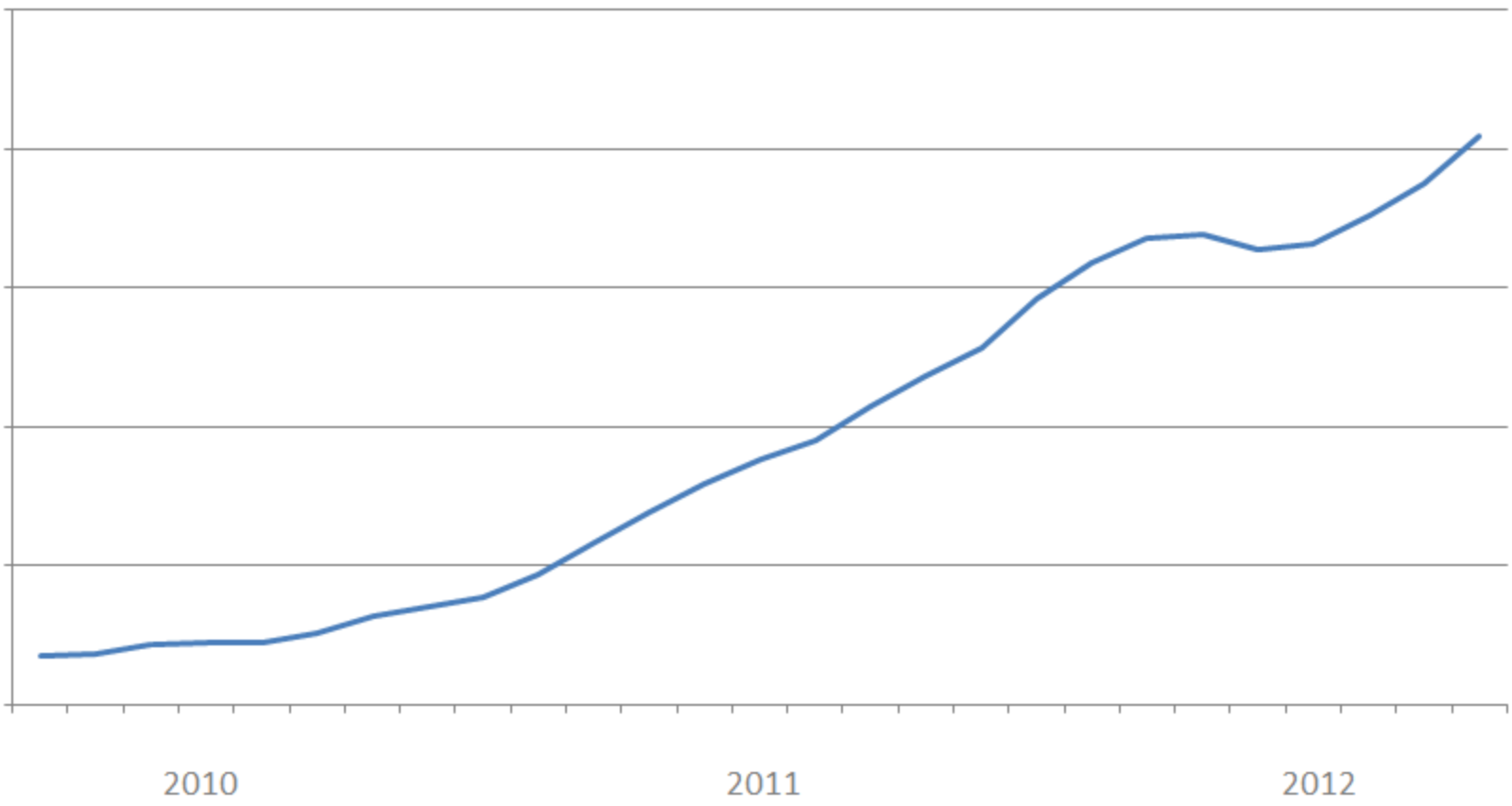


Our Users


1.5 MILLION
USER ACCOUNTS
15,000 DAU
50,000 MAU
40-50 CENTS PER USER, PER DAY
1,500 CONCURRENT PLAYERS
70% MALE
30% FEMALE
65% USA
35% REST OF THE WORLD
85% ANDROID
15% iOS

Our Revenue

Our Revenue



The Results

- Finding my dream job
- Creating jobs for others
- Learning a TON.
- Entertaining millions
- Spreading the virus!

Go forth, bootstrap!

Justin Beck

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