the Escapist

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EDITOR'S NOTE

by Julianne Greer

In late November of this year, news releases began circulating, announcing the first virtual world millionaire. Anshe Chung, an avatar in *Second Life*, crossed into the seven-digit range with her virtual land development business. With an initial investment of $10, the cost to purchase a parcel of land in *Second Life*. And in just two and a half years.

And of course, this is on the heels of the announcement, in mid-October, from the Joint Economics Committee here in the United States, basically saying, "Huh. People really **are** making money in these virtual worlds, hmm? We should check that out."

And they probably should. Companies such as IGE have been making money, against developer user agreements, hand over fist, for years. People are spending and making money in these worlds, completely under the radar of taxing bodies, rather than, say, going out to a concert, or going to a movie, or even, buying a new videogame to play. They're too busy in the virtual world to spend on other forms of entertainment. We didn't **really** think that was gonna fly, did we?

The other side of the argument is that these are fantasy worlds, and should be treated as such. Taxing would destroy the worlds. Why? Because there are millions, if not billions, of dollars worth of virtual goods exchanging hands.

Just think of the WoW Auction House. The IRS tends to view like-for-like exchanges as taxable – which means they see millions, if not billions, of dollars worth of taxable transactions within the scope of the game because real money trade gives these items real world value. And they'll argue these worlds stopped being just fantasy the day someone made a real world buck from something in-game who was not employed by the developer or publisher of that game. But if giving my holy sword to my guild mate is taxable, virtual worlds are going to be in trouble!

This is not a black and white issue. Any legislation drawn up related to virtual worlds and income should be heavily researched, studied and explored before it is put into place. Virtual worlds are a fascinating, and potentially, highly useful medium, and knee-jerk or overly harsh legislation could kill them before they've had the chance to really demonstrate their full reach.

If the government had decided to tax and regulate the internet before it really took off and became home to many businesses and outlets, would the internet be as vast and varied as it is today? Probably not. So, perhaps, if we can trust our elected officials to use good judgment in these matters, we can preempt a net neutrality-like debate and get the correct structures in place **before** millions are relying on virtual worlds for their livelihoods. Here's hoping.

Cheers,

Julianne Greer

LETTERS TO THE EDITOR

In response to "Un-Laming Phone Games" from The Escapist Forum: It's not the cost barrier that prevents me from getting into mobile games. It's not the small screen or the laughable sound. It's not the lack of original or interesting titles, or the difficulty of finding any specific title. … The big problem for me is that it is on a telephone.

- Bongo Bill

In response to "The Tao of Pikachu" from The Escapist Forum: I bought a DS about a week ago. Since then I've clocked maybe 30 hours, finding time to game where I previously had none. … On a whim I bought Pokemon Emerald as I'd always been a fan of the series on emulated platforms. According to the in-game timer I've logged 18 hours in it in just 3 days. Pokemon isn't doing anything wrong by my eyes. It's a great blend of deep strategy and easy access to the beginner. … There are people who are BREEDING pokemon in the hopes of ending up with the exact blend of innate statistics that will allow them to raise them properly by fighting the right pokemon to create a real powerhouse. Trying to bring certain moves to bear in a baby pokemon through lineage by cross-breeding through many different pokemon. It's all rather impressive.

-TomBeraha

In response to "The Tao of Pikachu" from The Escapist Forum: Reading this, I can honestly say that I've really changed the way I look at Pokemon now. I had been rather disappointed with how the games were playing, and pretty much stopped buying them after Silver, as they started to get incredibly redundant. … Because I had become so jaded about pokemon, I eventually just started telling people that the reason why I wasn't interested anymore, and the day I would buy a new Pokemon, would be the day that they would come out with a game that simulated the cartoon's action, making battles more dynamic and interesting to play, like Okami meets Shadow of the Colossus or something. But after reading this article, I can honestly say that I feel a bit of shame, and I just might reconsider buying the new DS one that's coming out to play with my otaku friend.

- Darkpen

In response to "The Tao of Pikachu" from The Escapist Forum: Pokemon really is a rare treasure of gaming that gets completely overlooked by the mainstream/hardcore/adult gaming media. To a large extent, that is only Nintendo's fault, and something I don't think the company really gives a crap about in the long run. They went after a demographic of gamers, and they experienced virtually unparralleled success with it. By doing that however, they marginalized those who might have played and loved the game otherwise.

I simply want to echo what Reidy says about picking the game up if you haven't tried it. I really forced myself to play it some years back. While I was a senior in HS I borrowed the original Red cartridge from my then 7 year old cousin, and logged over 50 hours in under a month. Without repeating everything that's been written, it's just one of those games that any discerning gamer should be at least familiar with.

- Dr. Wiley

In response to "A Better Way to Play" from The Escapist Forum: Settle down. While there are certainly a large number of unique titles being released on portables, there are an equal number of fun and exciting titles being spun out on consoles and the PC, many of which use technology to better the experience. Half-Life 2 uses its physics engine to create a whole host of fun gameplay experiences. Okami uses the graphical power of the PS2 to bring a mythical world to life. Upcoming games like Bioshock and Assassin's Creed are doing some neat stuff with AI (that may or may not turn out well, but at least they're trying).

- arawkins

In response to "A Better Way to Play" from The Escapist Forum: The fact of the matter is, the Mobile gaming world differs from the Console market because it's less threatening. I know plenty of people who don't consider themselves big time gamers, yet they clock in a big chunk of time playing Tetris or Wario Ware. Since the casual gamer doesn't really get into series like Metal Gear or Final Fantasy, the mobile market has to be innovative and creative to bring people in who ordinarily shun video games.

- generalissimofurioso

The Industrialization of PLAY

by Shannon Drake

To the real world, Julian Dibbell is a contributing editor for Wired, with other work appearing in New York magazine, Feed and Topic. To the hardcore MMOG player, though, Julian is one of Them: a gold farmer, someone who plays an online game for hours upon hours only to sell the loot he picks up for real-world money. He documented his farming experiences on his website, and then wrote a book about it called Play Money: Or How I Quit My Day Job And Made Millions Trading Virtual Loot. I sat down with Dibbell to get an idea of what the MMOG industry's Devil would say about his book, farming and the industry in general, given an open mic.

I ask him how the book has been received. Surprisingly, he says reviews have been positive. More than anything, he seems bemused by the occasional blast of negative attention paid to the industry he worked in and documented. "I'm certainly aware that RMT [real money trade] and people who actively engage in it are hated by a significant faction ... of gamers and game developers," he says. "I quote Mark Jacobs standing up at E3 in 2003 and saying that he hates the RMT market with 'every bone in his body.' So, there you go.

The curious thing to me is that, even as the blog was unfolding, and since the book has been out, I have not heard any direct evidence of anybody personally hating what I was doing, other than as a representative of the business."

While he's quick to point out that he worked as a broker and didn't actually do the gold farming himself, he's also acutely aware of how much his fellow players dislike what he does. "I have an assignment from the New York Times Magazine to write about the Chinese gold farms. And I went to a few of them, and I actually pulled a shift at a leveling shop. And, you know, not a half hour into my shift playing as some European player's gnome mage, I was spat upon," via the game's emote system, "by one of my fellow players."

He says it was different during the time he was writing the book. "For one thing, I was working in Ultima Online, which has a different culture about this stuff, right? The gold, the RMT market has been tolerated there from the get-go. It was even kind of encouraged in the beginning. ... For another thing, you know, it just kind of rolls off my back, to the extent that people do single us out

> "Everyone knows that MMOGs are tests of your ability to **sit on your ass** in a chair **FOR A WEEK**."

for opprobrium." Indeed, he seems like a very laid-back, affable guy that just happened to indulge in a trade that gets the MMOG industry spitting mad.

He describes the arguments against the RMT industry as "often very crude. ... They're along the lines of, 'Hey, I worked my way up to level 60, and then daddy's little rich kid comes along and bought his way up to level 60, and that takes away the meaning of my achievement.' ... How does it take away the meaning of your achievement? It doesn't affect your ability to accomplish things in the game. Second of all, let's look at the metrics by which you're measuring achievement. Everyone knows that MMOGs are tests of your ability to sit on your ass in a chair for a week, or whatever it takes to get to level 60. If someone has the will to do that, or the time to do that, more power to them. If somebody has the commitment to the game to plunk down $800 or $1,000, that's a kind of crazed obsession, too. I'm perfectly willing to honor either way of measuring [that].

"And furthermore, it's such a limiting view of the complexity and open-endedness of these games to say that it's all about getting to level 60 or Warlord or whatever you get to before the other guy does. There's so many ways to play these games and so many reasons to play these games that if you think that's what the game is entirely about, that's fine, but that doesn't define it for everybody else who's involved."

As for the notion that allowing RMT only encourages gold farming, which ultimately inflates the economy because farmers play all day, he says it's "a more compelling argument, but it's not a particularly airtight one. ... The problem is, catassing [repetitive play, usually at the expense of personal hygiene] ... exists independently of gold farming." That is, regular people spend all day playing the game anyway, so what's wrong with farmers doing it, too? "You always have those outlying players that, because they have inhuman or superhuman abilities to sit there and waste their lives on [games], will [cause problems like that]."

Speaking of the players, I asked him what his thoughts were on the buyers, what motivated them to get involved in buying items and gold. The usual argument is "players are lazy," while there's another school of thought that sees a flaw in the game design itself. He opted for neither. "On the one hand, I don't think it's a matter of players just being lazy. I think it's a matter of there being lots of ways to play the game. And for some people, there are great rewards in doing it themselves and pounding away at the grind. For others, the rewards lie elsewhere. They like keeping up with their guildmates and so forth. And, you know, just because they don't want to play the grind sub-game doesn't mean that they're lazy. And just because some people hate the grind doesn't mean that it's a bad, stupid thing for developers to put in there, in the core of the game."

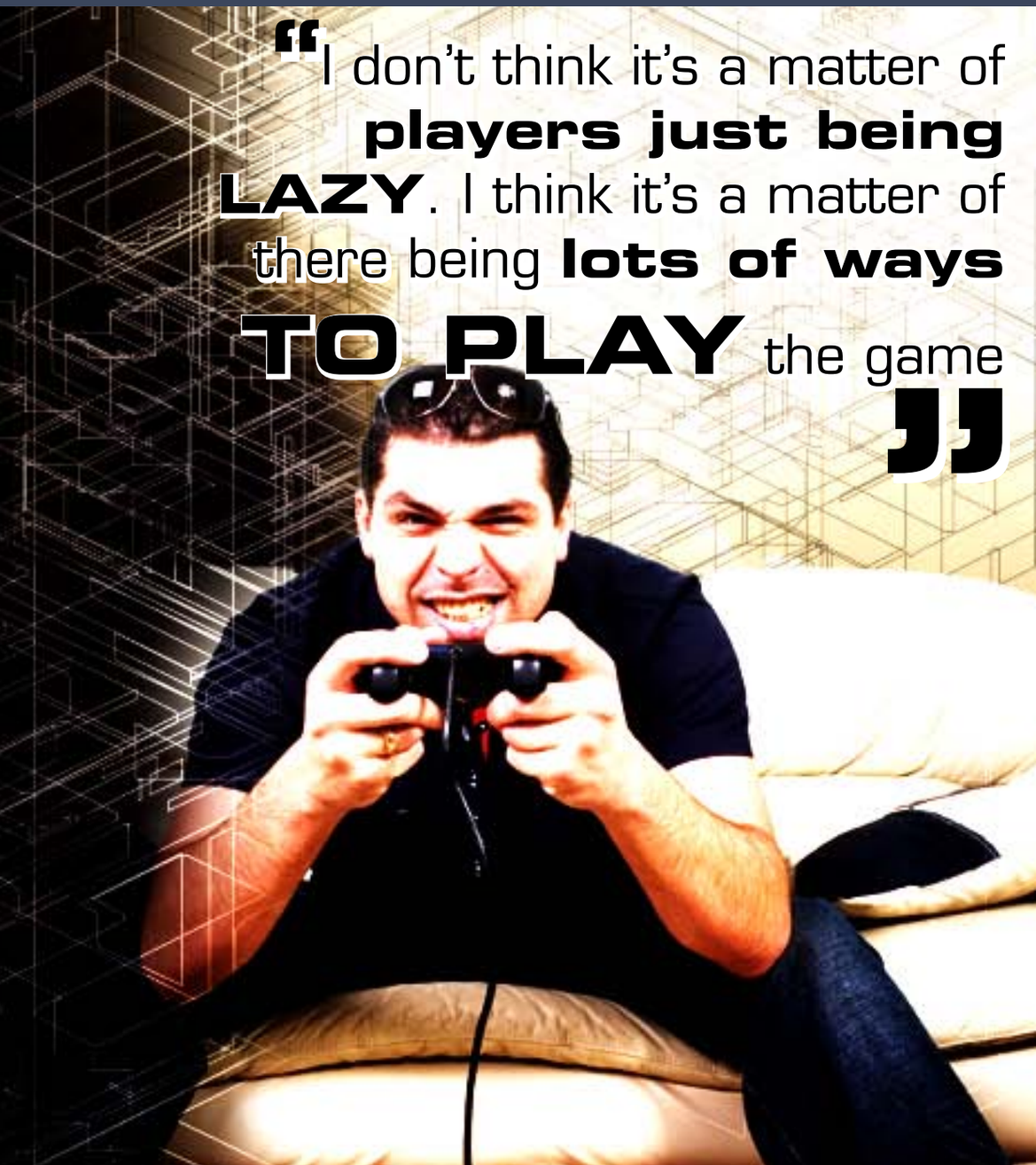
For developers looking to stop RMT, he uses one example he's gotten from the farmers themselves, such as "completely anonymous trades. [Make] the auction house the only way to trade, and [make it] completely anonymous, so there's no mapping an eBay buyer onto an in-game player," though he acknowledges that would be "breaking the socialization effect of the economy." As for stopping gold farming itself, he points to a suggestion made by a farmer on Terra Nova: "You just make a map of the conceivable normal human player's ability to acquire gold in the game, and

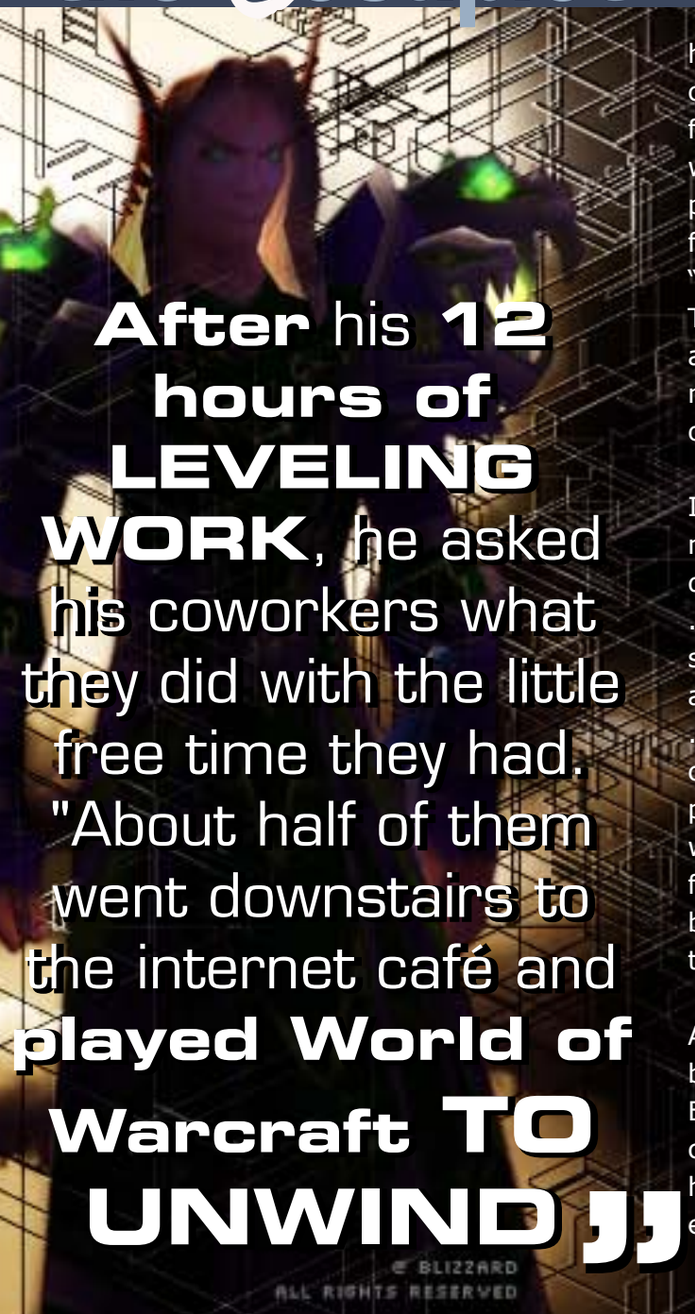
there's going to be a bell curve." You can use that curve to determine the maximum amount of money any normal player could reasonably have and make that a hard asset cap. He does acknowledge that "you'll piss off maybe one or two power players who get caught in that, but other than that, you just shut it off. Now, obviously, they'll eventually find a way back around it ... by splitting up bots and things, but that's going to throw a monkey wrench in their works. For a while."

That was one thing that really stuck out for me in the book. The gold farmers and merchandisers were absolutely relentless, poking at a game system for hours and hours on end looking at the most obscure mechanics, toiling away until they finally found an angle to work. "Yeah. I don't want to piss off the anti-RMT faction any more, but in some ways, that to me makes [farmers] the ultimate power players. And, certainly, some of the guys I talked to," he cites one farmer who had "a perfectly fine day job as a programmer for Microsoft, that was his big motivation. He really was like a player, and his play happened to net him $80,000 in fiscal year 2003."

Even in the heart of gold farming country, the sweatshops in China where workers are paid to acquire gold, he was surprised. "I really expected that this really is the far limit of the industrialization of play, this gold-farming stuff in China." He assumed the business would be "a racket run by middle-aged businessmen who have figured out an angle because their textile export business failed." However, he says that was not the case. "In fact, everybody from the owners down to the players were gamers who, A, had to know about games and love games in order to be able to figure out how this whole thing worked; and, B, just still kind of got a kick out of the whole thing, out of being this close to the game and really struggling to figure out how to maximize their profits. ... It certainly is surprising to find out how much closer to the average gamer in outlook these people are than the average gold farmer hater would expect."

I muse out loud that they're the kind of people who would probably be playing the game for eight to 10 hours a day anyway. "Not only would they, but they do," he says. "That was the hilarious punch line of this story." After his 12





After his **12 hours of LEVELING WORK**, he asked his coworkers what they did with the little free time they had. "About half of them went downstairs to the internet café and **played World of Warcraft TO UNWIND**

hours of leveling work, he asked his coworkers what they did with the little free time they had. "About half of them went downstairs to the internet café and played World of Warcraft to unwind. For fuck's sake!" he exclaims, laughing. "They do play this game that much. ... There was a guy they were all gathered around watching [who] was a level 60 mage [with] all Tier 3 armor, and he's out there dueling away. They're serious."

I asked him if he thought the Asian mentality when it came to MMOGs was different than ours. "Absolutely," he says ... "My impression is that the anti-RMT stuff is stronger in America than it is anywhere else, even more than Europe. ... I think it has a lot to do with American culture's kind of Horatio Alger individualist pretensions. You know, you come into the world and everybody starts off on equal footing, and you raise yourself up by your bootstraps, and nobody has family money to help them along."

As for games that not only recognize RMT, but embrace it, Julian says, "Things like Entropia Universe ... [it's] a little more complicated, just because it's not clear how careful they're being with their economy at all." Entropia's promise to back the Entropia Dollar with the U.S. dollar at a fixed exchange rate in perpetuity leaves him leery, he says. "I can tell you that that kind of promise is a red flag. It's either naively ambitious or potentially a sign of - oh, God, they do like to sue. How do I put this? It's fishy. And it definitely runs the risk of them getting into a bank run that becomes a crash."

While we were talking about business, I asked him for an overview of the RMT industry. Throughout the book, it seemed like it was getting harder to compete as overseas operations moved in and as it moved from hobbyists and dabblers to professionals. "Well, I think it's a lot harder to break into now that the Chinese have figured it out, but that's true of a lot of businesses out there right now," he said. "I wouldn't even try to compete with them, because not only do you have the wage rate issue to contend with, but you have a degree of organization and cooperation over there. Those people don't start up in a vacuum. There's all kinds of people they can talk to, consult with about how it's done, and you just can't [get that], not over here."

However, he hastens to point out that he "was on the retail end of things ... sort of the Wal-Mart side of things, as opposed to the manufacturer side of things. And that always tends to be more advantageous to the people who are closer to the consumer market, so if I were an American or European wanting to get into RMT, that's what I would gravitate toward, just as I did. But there, again, you have people like IGE, which have a huge portion of the RMT retail market, beginning to kind of suck up the oxygen as well."

When reading his book, Dibbell's narrative projected an overwhelming feeling of fatigue. Though he claims he loved his trade right up until the end, it's easy to feel the job wearing him down. I asked him if it was getting to him toward the end. "I don't know that I'd say it's [very] different [from] my trajectory as a regular player in these games, you know? These games are work. That's the entire reason RMT exists.

"Some of these guys I talked to in China, they were all gamers, and they said, 'Yeah, it was really interesting and fun for the first three or four months, and now it's just like, Jesus, this is 12 hours a day, one day off a month, the pay is like $3.75 a day, which, even by Chinese

standards, is not that great. It's a grind. It's a drag.'" As jaded as they were, though, Dibbell said they still retained their enthusiasm. Even while they were fighting the same monster they'd fought a hundred times before, they were into the game, "and if they won, there was kind of a little fist pump. If they lost, they'd sigh and push their chair back, and go right back to it. "

Once the money and the workers arrive, the men in nice suits are soon to follow. Every now and then, there's a rustling as the IRS begins poking around this new business sector. I asked him whether the government would ever start taxing virtual goods. "I think if they know what's good for them, they'll poke around and go away again, at least for a few years," he said, though that doesn't mean they couldn't start taxing items. "It's literally the case, as I relate in the book and elsewhere, that if you apply tax codes on barter and game winnings to the virtual economy, that every piece of loot that is created or dropped in any game is a taxable event."

That said, he suspects the IRS won't go after in-game assets, "if history is any guide." He uses the story of Mark McGwire's record-breaking home run ball as an example. A reporter called the IRS and asked if the fan that caught it would owe taxes for acquiring a million-dollar asset. "The IRS guy said no, that's technically called a windfall, and there's no taxes on that … but then pointed out that if the fan had done the right thing and given the ball back to Mark McGwire, he would've immediately be liable for a gift tax of $100,000." They "trotted out some fig leaf legal explanation for why they wouldn't. But in fact, they could, legally." In the McGwire case, he says, "they saw the political writing on the wall and said it's not worth it. … And I think they're probably astute enough to say there's just not enough revenue here to make it worth our trouble, but once they start looking at things like Second Life, and as things like Second Life start to [move more money around], it's going to be a different story, I think."

Since it's been some time since his adventures in the RMT trade, I ask him if there was anything he took away from it, if it was something he enjoyed and looked back on fondly, or if it was just some crazy thing he did. "Well, it's definitely a crazy thing I did," he says, and he won't be returning to the trade. "Not because it's a soul-sucking horrible thing to do, but I'm not a businessman, and that's a business. And I'm not even primarily a gamer. I think I've earned my chops in that regard, but I'm just more fascinated by the ways that cultures and economies and societies that are springing up in and around these incredibly complex games work. That's what drew me to it. And [that's] what has me stuck to it still." COMMENTS

If you have a problem, if no one else can help, and if you can find him, maybe you can hire Shannon Drake.

"these guys I talked to in **China**, they were **ALL GAMERS**"

Club XANADU

by Joe Blancato

I log in to Entropia on a Friday night to visit Club Neverdie. I'm here to meet a man and interview him, if possible. The man is Jon Jacobs, and I'm sure I'll know him when I see him - he almost always dresses like a pimp.

Club Neverdie, named after Jacobs' avatar, is an indoor portion of a giant asteroid Jacobs purchased from MindArk, Entropia's developer, for $100,000 - real dollars. He planned on charging players a fee to access the asteroid, which would provide a bunch of "biodomes" housing loot-dropping monsters and a shopping mall through which they could sell items, in addition to the nightclub.

Following the instructions on Jacobs' website, I created my character and spawned inside what looks like a spaceship hangar. I stumble around a bit, trying to find my way to the club when a woman dressed in an orange teddy approaches me and asks if I'm lost.

I tell her I'm trying to get a look around before I spend some time with Jacobs, and ask her if she knows him. She says she knows him by reputation, and then tells me one of those "he talked to me once!" stories you hear from people who live in LA and hang out on Sunset Boulevard. As she takes me around a large shopping mall and into the club, I run into a bunch of telescreens fixed on walls along corridors, all playing music videos starring Neverdie, Jacob's in-game avatar, and Jacobs himself, oscillating between virtual and real life. People mill around, dressed like Neverdie, with a funny hat and pimp suit. When I tell them why I'm here, that I plan on talking to The Creator, I become a star, too. I'm in a cult of personality, and I'm a prophet among believers.

It's clear Jacobs is selling an image these people are buying, but I'm just not sure what the image is. Is it the European playboy turned actor turned director turned powergamer? The club owner so hip the real world can't accommodate him? It isn't until I reach the area called the Control Room that I discover the answer.

Off, Off E3

When I first met Jon Jacobs, several months earlier, he was dressed like a pimp from the year 2020.

I was in Los Angeles, attending an offshoot of E3 called eFocus, an annual Tuesday-night, invite-only soiree held by

companies too small to pony up the thousands of dollars they'd need to reserve an E3 booth.

Jacobs was the only one there wearing a fuzzy suit. It was purple, made of velvet with a matching furry hat. He and his assistant, a statuesque black woman wearing a leopard-print leotard with shoulder pads, were standing in front of an HDTV showing off a virtual dance club complete with speakers pumping out house music. He pulled me over to the TV and explained that the nightclub actually existed inside a virtual world (he was very careful not to say game), called (at the time) Project Entropia. The people dancing to the music were doing so to the very same music we were yelling over in person. He fiddled a bit with a laptop behind a podium and zoomed out the camera, showing an avatar of himself, with the same hat and suit.

"That's me," he said. "That's Neverdie."

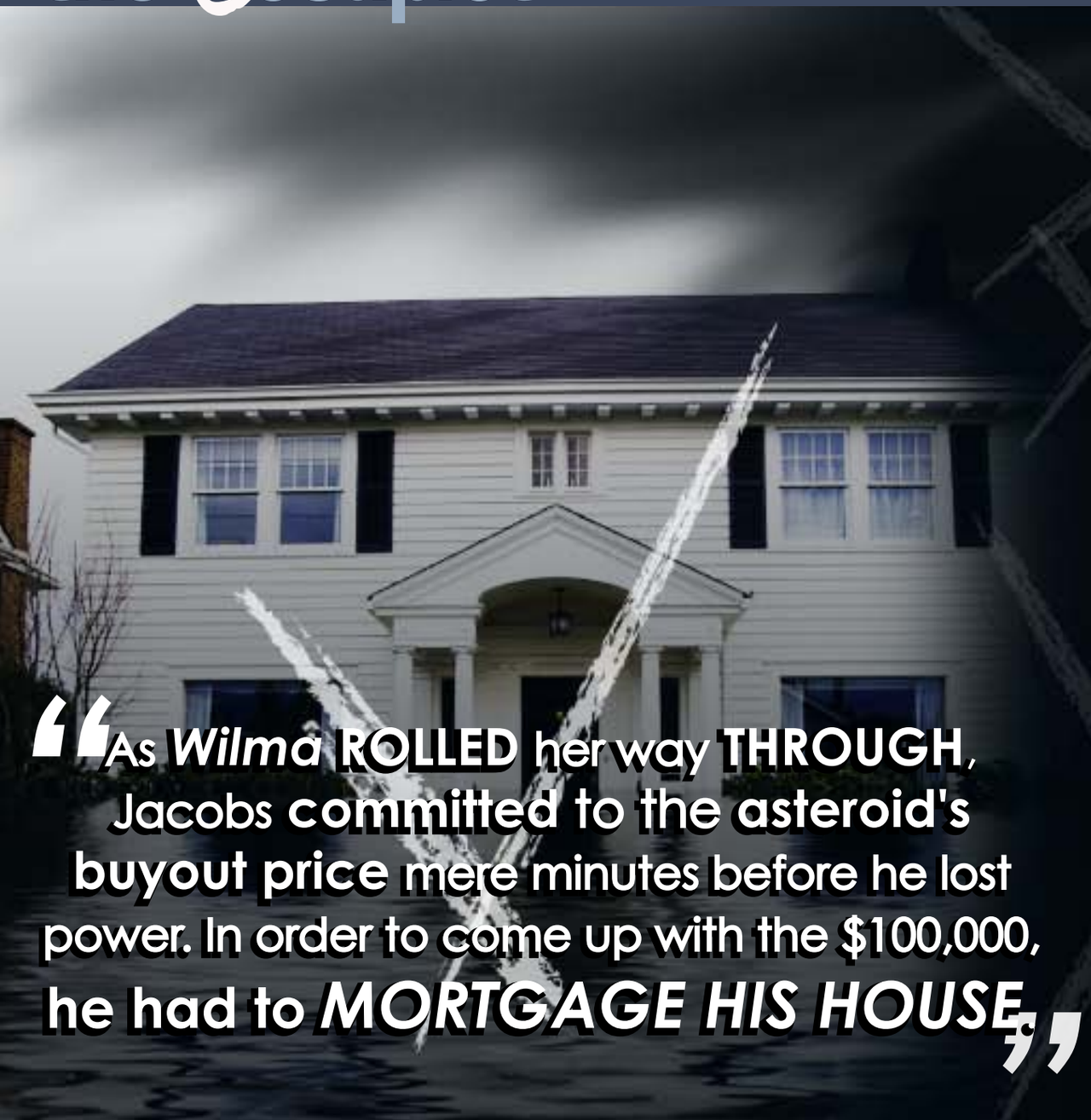
It was at this point that I had a brief moment of clarity: I'd heard about this guy before. Project Entropia, now called Entropia Universe, was one of the first companies to get on board with real money trade (RMT) in MMOGs. Rather than leaving their economy a closed system, MindArk allowed players to buy currency directly from the company at an exchange rate of 10 PED (Project Entropia Dollars) to US$1. When the dollar rises and falls, so does the PED, making it the first virtual currency you could conceivably trade on a futures market. What's more, players have the option to withdraw the PED they make in the game into real-life bank accounts, meaning it's possible to make a legitimate business out of your leisure. And that's what Jacobs meant to do.

Van Damme and Larry King

Even Jon Jacobs' past is larger than life. Born to an infamous powerbroker who bordered on Bond-villain level eccentricity (the British press referred to him as Mr. X, and he's actually quoted as saying, "I'll be back again, richer than ever!") and a former Miss U.K., Jacobs grew up in a posh London district five doors down from Paul McCartney. He grew up dreaming to be an actor, but he quickly found gaming to be a distracting passion.

"There was a moment, a very key moment, in my life when I was about 15 or 16. I was playing a lot of single-player RPGs on the PC. I really was extremely passionate about [gaming]. I loved it. I could just lose hours and hours in there. And I was spending more time doing that than I was developing my craft as an actor. And I did question myself and said, 'Do I wanna get into this? Do I want to make games?' And I said, 'No, I want to make movies. I want to act in movies.'

"[Van Damme] already knew about me from some of my independent movies," says Jacobs, speaking of the project which would ultimately lead to his work on Neverdie. By the time he met Jean Claude Van Damme, Jacobs had appeared in 31 movies, directed eight and written seven. "[Van Damme] asked to have a meeting with me, and asked what I might wanna do with him. At the time I was playing [*EverQuest*], actually buying items for real money. I thought this whole concept was fantastic. I projected a few years into the future and I imagined that people would start dealing big money for virtual items, and [a character named] Neverdie would be the world champion, finding great, great treasures and [being] interviewed by Larry King. And I wrote this script - Van Damme loved it," he says, but ultimately, he ran into budgeting problems, and the movie never underwent production. "It



"As *Wilma* ROLLED her way THROUGH, Jacobs committed to the asteroid's buyout price mere minutes before he lost power. In order to come up with the $100,000, he had to *MORTGAGE HIS HOUSE*."

would have cost about $100 million to make. ... That's why I put it on the shelf for the time being, and just [started] playing Neverdie myself."

Neverdie was one of Entropia's first residents. Disenfranchised by SOE's decision to outlaw RMT in EverQuest, Jacobs heard about Entropia's beta and bought into it immediately.

A Virtual Promised Land, 20 Miles Up

"In 2004, I had the most valuable avatar," says Jacobs, speaking of his first, unsuccessful, attempt to buy land for Club Neverdie. "I was worth $25,000. That was the value of Neverdie's equipment. I acquired all of that stuff. ... I sold [my] greatest equipment to buy [the land]. And some kid, a 22-year-old, deposited, I don't know, must've deposited $40-50,000 in order to buy it out himself." He ultimately lost the auction to the other buyer; the final bid was $26,500. Rather than admit defeat, Jacobs resolved to win the next big-ticket auction, no matter what. ("I'll be back again, richer than ever!")

October is the tail-end of hurricane season in the eastern U.S., and Jacobs lives in Miami. As luck would have it, Hurricane Wilma was bearing down on him, as the auction for the asteroid that would become Club Neverdie went up, with a buyout of $100,000. He opted to weather the storm, afraid he wouldn't have an internet connection in a shelter and would be unable to participate in the auction. As Wilma rolled her way through, Jacobs committed to the asteroid's buyout price mere minutes before he lost power. In order to come up with the $100,000, he had to mortgage his house. I asked him what he was thinking.

"At that point, it no longer became possible to use only money that you built up inside the world to acquire the greatest treasures," he answered. "It became a mix of both realities. I had to use my real-world resources. … I had no choice."

I thought I was talking to a madman. The guy, in some sort of competitive frenzy, rode out one of the most powerful forces of nature and borrowed on his equity to play Asteroid Tycoon. But when he started explaining his profit model, I remembered how blurred the lines between genius and insanity usually are.

While the nightclub is his main entertainment draw, he says the majority of time people spend on the asteroid is inside the 20 biodomes he's created. Inside, players listen to live streams of the music in the club and hunt exotic creatures he's specifically bred to produce valuable loot, and they also mine for rare minerals. "I tax everything that's dug up, all the loot, essentially," he tells me. "I have a 5.5 percent tax rate. It's automatically deducted. ... You don't even miss it. I think I've got it worked out that, on average, I make about $1.50 per hour [per person]. They're not paying me, that's just the revenue on their turnover."

His strategy is working, too: In his best month, he's cleared $20,000 gross profit in taxes (meaning players have churned over $363,000 in loot in one month), and he's paid for the asteroid in eight months. That's $100,000 in less than a year, for what's essentially a one-man operation.

"In the real world, a nightclub in a major metropolis will easily do $5 million a year," he says. "This is the number one nightclub, really, online. Once I think people start to go to virtual reality as quickly as they go to a website, imagine the traffic of the number one place to go!" Jacobs estimates, given the square footage he has now, he could increase his revenue by 20-fold, or up to $400,000 in revenue per month. All he's waiting on is more digital pilgrims, which he's working on leading to his promised land.

Visiting Xanadu for a Championship Fight

Inside Club Neverdie, about a dozen people are standing around, all trying to sell their loot. The chat window fills up with pre-recorded macros; everyone trying to move something. What Jacobs sells is success, the idea that you, too, can achieve the Digital American Dream, starting from nothing and amassing enough wealth to buy your own asteroid, your own otherworld. Just standing in the room, looking out at the disco and the biodomes, you can all but smell the opportunity mixed with tinges of desperation.

The Control Room is bustling. A few little Neverdies are parading around in their purple suits, and girls in teddies in any number of colors are milling about. That's when I see him: Jacobs' Neverdie is dressed in warrior gear, in distinct red armor and glasses hidden under a helmet. People know him by visual cue. Wherever he goes, people follow.

He takes me on a tour to where he creates his monsters; his own Frankenstein's lab. He says he spends over $1,000 per month on the special DNA he needs to tweak each monster. Lately, he's been cultivating cotton-dropping monsters. "Jeans have just been introduced into Entropia Universe," he tells me. "So there's been, like, a denim revolution. And the wool is only found on one particular creature. People want to hunt them in a controlled environment." He explains that he's specially bred creatures that drop lots of wool, and he's spawned a ton of them, giving people a reason to hunt where he can tax them. "If you're hunting for an hour or two, you'll kill thousands. If you're hunting on the planet, you'd be lucky if you find 300."

We move into the two nightclubs on the asteroid. The first is a small, old school disco complete with a checkered floor, but it is empty. We stroll over to the second, which is huge. Hard house music starts booming through my speakers as we enter. Giant statues of silhouetted naked women rise three stories from the

"Jacobs estimates, given the square footage he has now, he could increase his revenue by 20-FOLD, or up to $400,000 in revenue per month. All he's waiting on is more digital pilgrims, which he's working on leading to his PROMISED LAND"

ground up to the ceiling. Two people are dancing. The maximum capacity (if the club were real) would probably be around 180. Given how packed the Control Room is, I figure most people are focusing on the upcoming event.

Jacobs took me to the VIP area, a beautifully laid out section over the dance floor with a private bar and lounge area. He pointed out a golden egg the size of a small boulder. "I paid $10,000 for that. No one knows what's going to hatch." I marveled for a second, but by the time I reconciled the fact that I was looking at an egg in a videogame that cost more than my first car, Jacobs had disappeared down a hallway. "This way!" he called as he shuffled his way into another room.

When I caught up to him, he was inside a club-ish bedroom with three nude mannequins posing around it. "For special parties," he said. I asked him if the mannequins, you know, did anything. "No, just for show." Before I could get much more of an impression, he was off again, heading back in the direction of the event.

"The idea is to create the first global event to find the champions and the heroes [of gaming]," says Jacobs. "Using the rules as best we can to make it appealing to people who haven't built up characters over the years in Entropia. ... It could reach the level of million-dollar prizes and hundreds of thousands of people competing. We're gonna film the first one for TV, so we can show how exciting an event of this kind can be."

Other members of the tournament explain that it will last two hours; whoever accumulates the highest value of loot wins. With 30 minutes left, players will be able to set bounties on one another in an effort to slow each other down. With five minutes left, players will be able to attack anyone they like.

The competition goes as planned, with Neverdie continually flirting for a spot in the top three. I have to wonder, though, when does the king not win the jousting tournament?

"He never dies!"

Jacobs has taken steps to ingrain himself in the world's memory. He's commissioned a theme song, which plays on his website and throughout the club. Tack on a preternatural charisma and a genuine love for all things virtual, and you've got a guy who's not short for the world.

And that seems to be Jacobs' main push. How does a man whose parents put him next to a Beatle do better than the generation before him? Easy: Conquer a moon. And if that doesn't work, you've got forever to keep trying. COMMENTS

The Escapist, a shadowy flight into the dangerous world of a man who does not exist. Joe Blancato, a young Associate Editor on a crusade to champion the cause of the innocent, the powerless, the helpless in a world of criminals who operate above the law. Joe Blancato, a lone crusader in a dangerous world. The world ... of The Escapist.

the Escapist

Boutique MMOGs

Under the radar but bigger than *EverQuest*

by Allen Varney

Imagine, for discussion's sake, that you don't have $50 million, so you can't build and market a full-scale *World of Warcraft* massively multiplayer online game (MMOG) clone. Suppose, too, you don't have rock superstar Bono on speed-dial, and unlike BioWare/Pandemic Studios, you can't finance your new MMOG through his $300 million Elevation Partners holding company. To get still more outlandish, let's say you cannot easily lay your hands on a paltry $3 million – no, really, work with me here – so you couldn't even produce a smaller-scale "casual MMOG" like *Puzzle Pirates* or *Gaia Online* or *Dofus*. Assume, hypothetically, you – just you, together with maybe two or three other indigent programmers – have six months of savings and a budget in the low four figures. How would you create and market a full-featured MMOG?

Building a major game is hard, and there is no harder kind to make than an MMOG. At the 2003 Game Developers Conference, longtime producer Gordon Walton listed 10 reasons not to run an MMOG, including eight-figure budgets and teams of hundreds of people.

Nonetheless, despite this received wisdom, there are dozens, nay, over a hundred low-budget "boutique" online MMOGs. Some require a downloadable client; many others are browser-based. Some cost in the mid-six figures to produce; others launched for the price of domain registration plus 10 bucks a month for cheap hosting. Most are lame – it's been a while since we've seen Commodore 64-style sprites – but some look startlingly professional. Many are run as hobbies, but some are intended to earn money. A few do. In fact, they earn a lot.

High-end developers might deride the boutiques as "not getting serious audience numbers" – until they learn about the games with more players than *EverQuest*. Onlookers, too, may sneer at these little games as "not serious money." But there are different ways to define "serious" – for example, how much money a given developer **personally** earns as take-home pay. A rank-and-file animator or designer at Blizzard earns basically the same salary whether *World of Warcraft* has 2,000 subscribers, or 200,000, or 20 million. Revenue from a successful boutique

Cook estimated the cost of developing a typical village game at $250,000; with 6,000-9,000 users, such a game reaches break-even 18 months after launch.

MMOG would be a rounding error for Blizzard, but it all goes straight to the game's small development team. With a player base in the low five figures, a single boutique developer can, over the medium to long term, earn personal income that dwarfs the Blizzard employee's – and yours.

In for the Long Haul

Dave Rickey, a designer for *EverQuest* and *Dark Age of Camelot*, spoke in a June 2005 Corporation interview about opportunities at the small scale. "The economics of MMOGs under the standard business model are pretty simple: For each $1M [million] invested, you need 10,000 subscriptions to pay back the initial investment in a reasonable period (two years -- investors have a different definition of 'reasonable period'). A game that costs $5M to make and maintains a 50,000-subscriber level for five years will make an overall return of $7.5M (assuming 25% is skimmed off the top for the investors). A game that costs $50M needs half a million subscribers to do the same trick. Somewhere in there, anything untried starts to look like an unreasonable risk.

"But this math works **better** at a smaller scale," Rickey notes. "A team of three, investing sweat equity for a year and getting 10,000 subs for five years, will clear over $1M each, over paying themselves reasonable salaries and hiring a few CSRs [customer service representatives]. Smaller teams have less overhead, fewer managers, less inefficiency in communication, less effort wasted on office politics. 10K is only a tiny, **minuscule** piece of the market." Since giving the interview, Rickey has joined Shannon Cusick at Orbis Games to design a niche MMOG targeting young girls, *Virtual Horse Ranch II*.

In October 2005, onetime game developer Dan Cook wrote a widely noted post on his Lost Garden blog called "A Game Business Model: Learning from Touring Bands." Dubbing these niche MMOGs "village games" – "quirky, isolated communities much like a traditional village or small town" – Cook drew parallels to evergreen bands like the Grateful Dead:

"They provide a service, not a packaged good. They sell to a dedicated fan base that, despite being small, provides

enough additional revenue per user to make the venture profitable. The result is a self-contained community served by a small team of dedicated independent developers. ... A typical customer will spend an average of $60 a year and stays on for an average of 18 months, with some players staying for years. The developer generally keeps all $60 in revenue. Making money is a matter of maintaining your current customer base and incrementally increasing that base over time. The viewpoint is almost always long-term and focuses on maintaining and extending customer relationships."

Cook estimated the cost of developing a typical village game at $250,000; with 6,000-9,000 users, such a game reaches break-even 18 months after launch.

These figures are, in some cases, far too pessimistic:

- Two British college students launched *Neopets* for next to nothing in November 1999, and it became profitable by the following July. Six years later, having drawn 30 million users, they sold *Neopets* to Viacom's MTV for a reported $160 million.
- Started in 1997, the Sweden-based soccer management simulation *Hattrick* now runs on 40 servers in 20 languages and claims over 900,000 users. Membership has doubled since 2004, entirely through word-of-mouth. *Hattrick* is free; some players become Supporters (25 euro annually) to gain minor perks. Rival *Managerzone,* also Swedish, has nearly 600,000 players. Rumor has it the *Hattrick* team is also responsible for *Popomundo,* a rock 'n' roll career simulator.

Cook correctly emphasizes the boutique operator's long-term planning. A bad launch for a high-profile MMOG means disaster within months, even weeks. Again, the boutique works differently:

- Jagex Limited's *RuneScape* launched quite slowly in 2001. Cambridge University undergrad Andrew Gowers formed Jagex with his brother, Paul, and Constant Tedder; the three stuck with the game, built it slowly, and now employ hundreds. An October 2006 *Wall Street Journal* story says *RuneScape* has over five million players and may gross $50 million annually. "RuneScape" is one of the 10 most-edited Wikipedia articles, surpassing "Islam" and even "Michael Jackson."
- The Italian fantasy game *Planeshift* launched on a shoestring in 2001 using the free CrystalSpace 3-D engine. *Planeshift* currently has 300,000 registered accounts.
- *Kings of Chaos* was created in 2003 by four high school juniors and now has nearly 40,000 active players.

We gasp when *World of Warcraft* passes seven million accounts, but *RuneScape, Hattrick, Managerzone*, and *Planeshift* together (never mind *Neopets*!) almost match that total. And they're just four of the hundred-plus boutique games you never hear about.

The success of these and many other niche games illustrates *Wired* editor Chris Anderson's Long Tail theory.

Bruce Woodcock tracks subscriber numbers at MMOGChart for *WoW, EQ, Ultima Online, Lineage I* and *II*, *Dark Age of Camelot, Star Wars Galaxies*, and all the best-known subscription-based MMOGs in North America. At the September 2006 Austin Game Conference, Woodcock estimated their combined player bases at around 15 million.

In all likelihood, the collected population of boutique MMOGs beats the pants off them.

Games of the Long Tail

The success of these and many other niche games illustrates *Wired* editor Chris Anderson's Long Tail theory: In a networked age of cheap storage and easy "findability," you can aggregate a profitable audience for topics of narrow interest. *Alien Adoption Agency* targets male tweens. Andrew Tepper's venerable Egyptian-themed *A Tale in the Desert* proceeds in 18-month cycles called "Tellings"; Tepper has just commenced his third Telling, with almost 2,000 players in tow. Lots of virtual pet games let you raise dogs, cats, horses and cows. Raising animals in other ways altogether, *Furcadia* caters to furries, an anthromorphic fetish group.

Boutiques find niches even on the well-traveled trails of fantasy. *Ashen Empires* (nee *Dransik*), from Iron Will Games, was originally pitched as "*Ultima V* for 10,000 players"; they're still working on their third thousand, but the game supports a modest four-person team. *Tibia* claims 100,000 players and has nearly 70,000 premium subscribers. Canadian programmer Gene Endrody is quietly creating a boutique powerhouse at Maid Marian Entertainment. Endrody outsources the art for his Shockwave-based online games, but otherwise works solo. MaidMarian.com attracts 700,000 unique visitors monthly.

Text MUDs are still popular; The Mud Connector lists over 1,600. Most are run as hobbies, but some professional MUDs pioneered a lucrative Virtual Asset Purchase business model. Matt Mihaly, CEO of MUD-runner Iron Realms Entertainment, posted a fascinating interview with a MUD player who paid $240 for a virtual cherry pie.

In boutique-scale science fiction, there's *Outwar,* with 75,000 active players, and *Star Wars Combine,* which has somehow survived since 1998 without a Lucasfilm license. The German space strategy simulation *oGame* has two million accounts worldwide. And *Cosmic Encounter Online,* though not technically an MMOG, is worth mentioning because the *Cosmic Encounter* boardgame is my favorite game ever, so there.

Games Like E-Mail

Perhaps the most interesting design technique we see at the small scale is the **passive game.** You don't immerse yourself in a passive game; you dip in sporadically, as you'd check your e-mail. Often turn- or tick-based, with asynchronous player interaction, a passive game engages you not casually, but lightly, like old-style play-by-mail games.

- *Kingdom of Loathing* is a simple browser-based fantasy adventure in which players spend turns (mouse clicks) to fight monsters and fulfill quests. The difference is in the tone -- the art is ridiculously simple stick figures; monsters and items are chock full of pop culture references; and terrible puns abound. (There's a Fallen-Arch Devil, and the Level 9 quest takes place in the Orc Chasm.) Players have created over one million characters.

- Similarly, players of the bloodthirsty humans vs. zombies game *Urban Dead* have created over half a million characters, most of which hangs on for a few turns or days. The *UD* statistics page claims about 25,000 active players daily. Noteworthy *UD* imitators include *Nexus War* and *Shartak*. Players in all three games have created browser-side Firefox extensions that handle housekeeping tasks or collate data for real-time status reports.

- *Travian*, with over 60,000 active players, is sort of a real-time strategy game in very slow motion.

- In the same way, *Netropolis* is a slow, multiplayer *SimCity* - "an online multi-player strategy game where you match your wits as a corporate gangster/ tycoon against other real people. Buy some land, set up a few businesses and watch the money roll in." *Netropolis* is one of several passive boutique business games. Others include *Airline Online*, *Informatist*, and *ASX*, an educational stock market simulation.

Show Us the Money

Most boutique games are free to play. How much do they make? It's hard to tell.

Boutique MMOGs can definitely make money, but each game must find its own path. Small games can try out revenue models quickly and easily compared to high-end games. Many, like Swirve's long-lived *Earth: 2025* and *Utopia*, are ad-supported. Others use Virtual Asset Purchases. *Kingdom of Loathing* sells (for real money) a virtual item called "Mr. Accessory" you trade in at "Mr. Store" for limited-availability items. Several games have gained excellent results selling optional premium content – even purely cosmetic perks.

Some designers have other motives besides money; Australian novelist Max Barry started the offbeat political simulation *NationStates* to plug his 2003 novel, *Jennifer Government*. This is the most intriguing and encouraging aspect of boutique MMOGs: creators excited by an idea, or compelled to share a vision on their own terms and their own timeline. The boutiques that find success may, ironically, become more than their designers wished. Half a million people have played *NationStates*, which, according to Barry's bio, "is currently causing him to drown in e-mail from people who want new features."

But, you know, we should all have such problems. COMMENTS

Allen Varney designed the PARANOIA *paper-and-dice roleplaying game (2004 edition) and has contributed to computer games from Sony Online, Origin, Interplay and Looking Glass.*

Boutique MMOGs can definitely make money, but each game must find its own path.

the Escapist

The Little Red 日:

Why do the Japanese Hate the Xbox?

by Gearoid Reidy

For those who game, Japan may be the most important country in the world. It's also the least understood. Despite being one of the U.S.'s closest economic and political allies, one of the most culturally significant and the most Westernized country in Asia, to most people, Japan remains at best enigmatic, at worst downright crazy.

The enduring Japanese stereotype is still that of the mysterious, shifty traditionalist, captured in such ridiculous perfection in nonsense like the Sean Connery movie *Rising Sun* – a stereotype that reared its head in the days following the 360's lackluster launch in Japan.

Suddenly, a thousand amateur market analysts sprung up overnight, each one with his explanation of why the Xbox was failing in Japan. The excuses ran the gamut, suggesting mild Japanese nationalism to outright xenophobia and hatred of American products, but they all focused on one thing: an irrational desire to buy Japanese.

"[The] Xbox will fail because it's American. Japanese are only interested in flooding our markets with their products, but not accepting any of ours," said a poster on a popular business site.

"Anyone who denies there is an anti non-Jap video game mentality in Japan is living in a fantasy world," said another on a big gaming website.

After years of dominance by Japanese manufacturers, the arrival of Microsoft as a serious force in the game market has seen fanboy-ism take on a worrying new face – that of flag-waving, fist-pumping nationalism, an us-and-them mentality that is surely the exact opposite of what the international language of videogames should be inspiring.

For American gamers who had happily bought Japanese consoles, the failure of the Xbox brand in Japan was a slap in the face. Is there really a racist element to the Xbox's lack of success? Or is it all down to software, and if it is, what is wrong with what the Xbox offers? Just what do the Japanese buy, and why?

Tainted Love

In search of an answer, I spoke to Hirokazu Hamamura, President of Enterbrain, the parent company of Japanese videogaming bible *Famitsu*.

"Unfortunately, the Xbox 360's slump in Japan continues," said Hamamura. "There are many reasons for this, but the biggest reason is that it lacked titles for Japanese tastes.

"Furthermore, the hype at the time was unfortunate. At the time of launch, the Nintendo DS was causing a sensation. Under the pressure of the extraordinary popularity of the DS, Xbox couldn't create any kind of movement. In terms of timing, I think Microsoft were unlucky."

Certainly, the 360's launch coincided with the sudden rush for DS units. Was nationalism a factor?

"I don't believe there's any truth to that," John Yang, a market analyst with Standard & Poors in Tokyo, told *The Escapist*. "Many non-Japanese products have done well in Japan, like luxury cars from Mercedes and BMW."

Indeed, far from being a disadvantage, foreignness in Japan can lend a company a coolness factor that marketing can't buy. Witness how iPods fly off the shelves, while brands by Sony and Toshiba gather dust. The Starbucks in Shibuya is reputedly the busiest in the world, and McDonalds outlets are everywhere. Disney is simply impossible to avoid, despite Japan being one of the world leaders in animation.

These companies distanced themselves from their competitors, tailoring their product to Japanese tastes. With the original Xbox, Microsoft tried to beat the PlayStation at its own game - and they lost spectacularly. The big-name titles Microsoft secured were ports of old PS2 titles everybody already owned, like *Metal Gear Solid* and *Onimusha*. The PS2 had the market sewn up long before Microsoft ever arrived.

In their desire to show up Sony with an ultimately botched simultaneous worldwide launch of the 360, Microsoft may have destroyed the one chance they had to recover.

"The titles we had hoped for [*Blue Dragon* and *Lost Odyssey*] weren't available at launch time," Kenichiro Yamazaki, the PR Manager for Microsoft Japan's Xbox Division, told *The Escapist*. "We learned from the first Xbox that we did not offer enough titles that were of interest to Japanese gamers, and we've taken the necessary steps to resolve this issue." But they launched without them to make that worldwide launch window.

"It will be challenging for Microsoft to recover," says Yang. "One crucial way for Microsoft to stir growth is to convince the market that Xbox is a home appliance. PS2 did very well because Sony was able to convince the market that the PS2 was a home appliance and a DVD player. For now, the Xbox is only selling itself as a game console, not a home appliance, hence any further growth is a challenge."

Microsoft isn't ready to throw in the towel just yet. "Our goal has never been to be the market leader in Japan," says Yamazaki. "Our focus from the get-go has been on building long term success in Japan."

Out of Line

One way they can do that is the 360's superb Xbox Live service, which lets gamers all over the world connect to play with one another - and be insulted by 12-year-olds. But despite being one of the most broadband-connected countries in the world, Japanese customers are only starting to fall for online gaming the way American, Chinese and Korean gamers have. It is no coincidence that it took Microsoft, an American company, to open up online gaming on consoles.

"Xbox Live has been tremendously successful in Japan and in fact, the percentage of users connected to Xbox Live in Japan is not that far off from the percentage of users connected to Xbox Live in the U.S.," Yamazaki said.

But this statistic is not representative of the general population. Given the small amount of 360s that have been purchased

in Japan, it is no stretch to imagine that those buying are the gaming hardcore - not the average John Q. Tanaka.

And in comparison to Korea and China, where stories of gamers keeling over at their keyboards from playing too much *Lineage* are not uncommon, the popularity of strictly-online games in Japan still lags far behind traditional story-driven titles on consoles.

"The popularity of online games in [other parts of] Asia is due to the fact that packaged games just don't make successful business," says Hamamura. "It is only in network games, where there is little room for pirated versions to flourish, that a market can be built. On the contrary, the culture of packaged games in Japan far exceeds that of other countries. In particular, Japanese tend to like the story in games. I do believe the genre of online games, which are based on the enjoyment of communication, will gradually become more accepted and permeate in the future."

This is the one area where Microsoft has the most experience – provided they supply it with software for Japanese tastes.

Root Beer or Squid

If Japan-oriented software is the answer, the obvious question is: Just what is Japan-oriented software, and why do Japanese gamers favor identikit RPGs and dating simulators over the young-male-targeted muscle games that the 360 specializes in?

In reality, asking why American games fail in Japan is the same as asking why schoolgirl dating sims fail in the U.S. Just as Americans like root beer and the Japanese like dried squid, some inexorable cultural differences still exist. The only question we can attempt to answer is where these cultural differences come from.

Although it is changing, Japan is still an incredibly homogenous, highly literate country. Hollywood movies do decent business, but of far more cultural impact - particularly to the younger age group that games have traditionally targeted - is Japanese-made manga and anime.

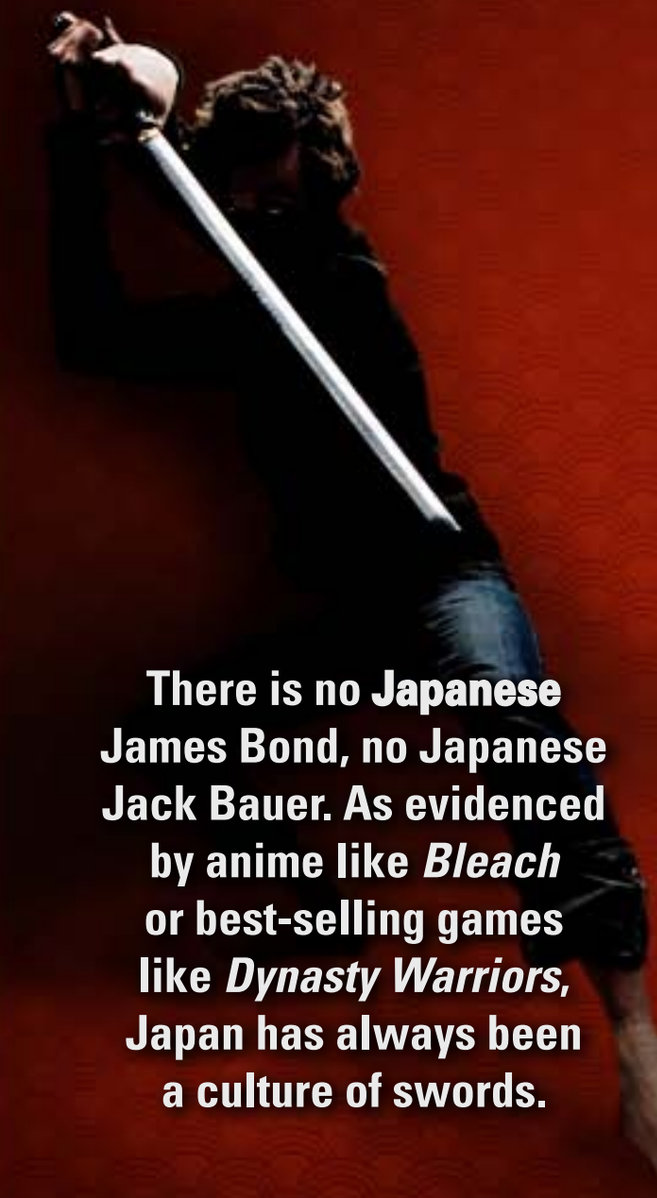
"The visual culture of Japanese games has its roots in anime and comics," says Hamamura. "I believe that's why games that have their roots in comics and anime easily become hits, rather than ones that try to recreate the real world. I believe that the success in Japan of RPGs in particular is due to those roots.

"There is also the view that America, which has Hollywood movies as the basis of its visual culture, has fundamentally different tastes."

Arguably the most fundamental of those differences is that of the FPS genre, which dominates in the West yet barely make a dent in the Japanese sales charts.

"Perhaps the reason FPS games are not popular in Japan is down to a difference in lifestyle," says Hamamura. "Japanese people have no guns around them in

Asking why American games fail in Japan is the same as asking why schoolgirl dating sims fail in the U.S.



There is no Japanese James Bond, no Japanese Jack Bauer. As evidenced by anime like *Bleach* or best-selling games like *Dynasty Warriors*, Japan has always been a culture of swords.

their life, so it could be that FPSes don't connect with a desire to simulate reality."

There is no gun culture in Britain or Canada, one might say, but FPSes are still equally popular there; but this would be a misreading of Hamamura's words. Despite differing gun laws in Western countries, the Western media as a whole surrounds us with more guns than the NRA could ever hope to.

The latest Hollywood blockbuster, *Casino Royale*, is a perfect example. James Bond is the archetypal Western hero – he shoots to kill, takes no prisoners, and rarely lets moral considerations affect him. Bond himself is aging, but his replacement for the 21st century already exists, in *24*'s Jack Bauer.

But while both of these heroes enjoy moderate success in Japan, there is no **Japanese** James Bond, no Japanese Jack Bauer. As evidenced by anime like *Bleach* or best-selling games like *Dynasty Warriors*, Japan has always been a culture of swords, not guns. Protagonists on Japanese dramas are decidedly less trigger-happy than in Western ones. Japanese youngsters are more likely to want to emulate the samurai manga *Vagabond*, a retelling of the classic Miyamoto Musashi tale, than James Bond.

Just what games the Japanese do want – and where the 360's line-up falls down - is easily told from a reading of last year's top 30: six games based on anime franchises, two *Winning Eleven* soccer games, a baseball game, two *Tales* games, a Square RPG, *Pokemon, Mario* and *Gran Turismo*. Factor in the DS games that blew away Microsoft's hype and the 360's anemic launch line-up – heavy on the FPSes and light on RPGs - and it's easy to see Microsoft hardly had a hope.

Riding the Wave

Although Microsoft's venture into Japan has been a failure to date, the company has deep pockets. Nationalism is unlikely to be a factor if Microsoft can overcome their past failures and carve out their own niche in the market, as Nintendo has done.

The Japanese game market is now buoyant with hope for the first time since 2004, when statistics showed that the domestic games market had contracted some 40 percent since 1997.

"Thanks to the DS, the industry has successfully created a new class of game fans," says Hamamura. "This year, the so-called next-generation machines, PS3 and Wii, will be released, and 2006-2007 is expected to be the highest-selling year in a decade.

"After that, the total sales of hardware and software will decrease. Then, five years from now, when new machines come out again, there will be another swell. Looking at it from the long term, the game market will keep repeating this wave."

In the end, that "mysterious Japanese" stereotype has held true – no one could have predicted that the DS would not only spoil the 360's launch, but tap into a whole new market. Is there room in there too for Microsoft? Assuredly. But to quote John Connor, Sean Connery's character in *Rising Sun*, they are already playing "that most American of games – catch-up." COMMENTS

Gearoid Reidy comes from a land where neither root beer nor dried squid are considered consumable, and that's just how he likes it. Find him at www.gearoidreidy.com.

High SPEED HIGH Roller

by Kyle Orland

Type the term "gaming" into an internet search engine, and the pages you'll see will fall into one of two camps. The first camp includes sites that deal with the traditional act of playing games, which these days often means playing games on a television or computer screen. The other camp includes sites that deal with wagering money on games of chance, a meaning for the word gaming that has been created by an industry eager to avoid the negative connotations of the word gambling.

It's rare to find a site that marries both meanings of the term. Sure, betting on videogames is nothing new, as anyone who's put five dollars on the outcome of a tight Halo match can tell you. But it's rare to find a web site devoted to gambling on videogames the same way a site like GoldenPalace is devoted to betting on blackjack and its ilk.

Which is why I was so surprised to stumble across WorldWinner.com, a site that proudly bills itself as "the leading global provider of online games for cash and prizes." While the site does offer free accounts that let users play online versions of everything from Minesweeper to Zuma, the real appeal is the upgraded memberships that let you put your hard-earned cash on the line against others who have done the same.

I've always been intrigued by games of chance, but I was never under any illusions about winning money in a casino. With the probability skewed so heavily toward the house, I knew I was essentially paying for the privilege to play games of chance.

But WorldWinner.com would have you believe it's different. Unlike casino games, where you have to be lucky to win (for the most part), WorldWinner stresses that "the outcome of each competition is determined by the player's skill." I don't have the chops to make a six-figure salary at a poker table, but after years of the other form of gaming, I was sure I could beat just about anyone in the right game.

Finding out if I was right initially proved harder than it seemed. While offshore gambling sites will happily flaunt U.S. internet gaming laws with impunity, Massachusetts-based WorldWinner respects the wishes of the 13 states that don't allow "sweepstakes, contests, and tournaments with entry fees and/or

prizes," my native Maryland among them. This setback was easy enough to overcome, though: One borrowed out-of-state PayPal account later, I had deposited my first $20 into the WorldWinner system and earned a $20 sign-up bonus in the process.

Now that I was in the system, I had to choose what game to make my specialty. Minesweeper seemed like a good choice, since I had built up my skills at the game over years of procrastinating. A few quick practice matches and I was ready to put my money on the line.

Feeling a little nervous and a little excited, I put one dollar down on a three-person match. Muscle memory calmed my nerves as I clicked through the board a little slower than I would have liked. As soon as I finished, a results screen popped up showing me ahead of one other contestant, with the third slot sitting open. I could pay an extra fee to take up that slot, guaranteeing a small cash prize, or wait it out and hope whoever was next to enter would finish behind me.

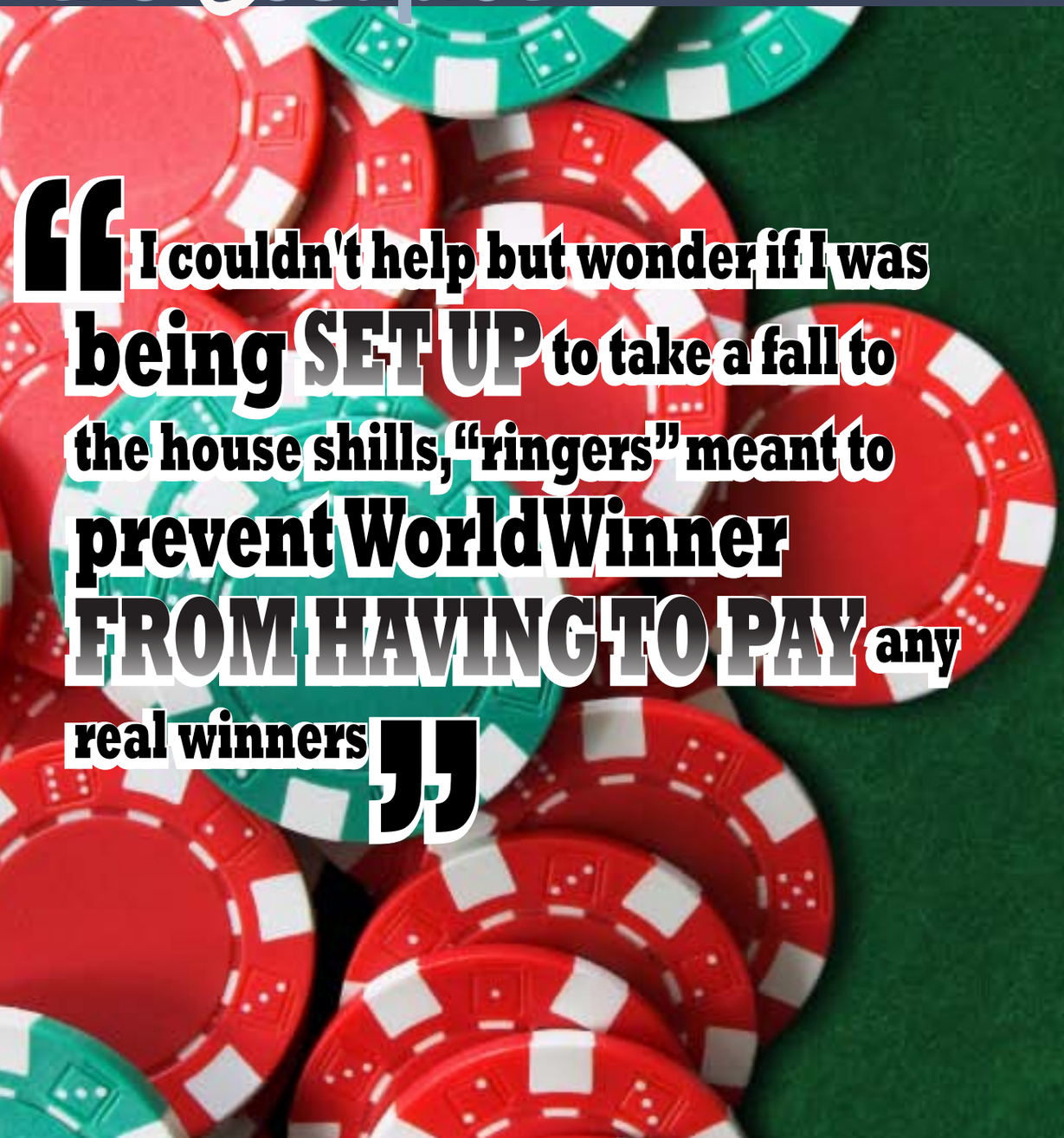
I decided to wait it out, filling the nerve-wracking minutes trying to learn about my faceless opponent. Unfortunately, all I was able to learn about nmann06.pgo from his WorldWinner profile is he's a fan of Luxor and Bejeweled, he's from Kentucky, he signed up for the site in October and he had already played enough to earn a rank of "level 9." (earning new ranking levels doesn't make you any more money, but they do make you realize just how much time you've spent on the site.)

From the profile screen, I could send nmann06.pgo a message, challenge him to another match or add him to my buddies list. Based on his low score in our current competition, I sent him a challenge, which he accepted and I won – easy money. We eventually traded a few messages about Minesweeper and our experience with the site, but he seemed less than eager to take up my further offers to take money from him. Despite the site's community-building features, gambling on WorldWinner felt more like sending e-mails from a video poker machine than meeting a kindred spirit at a blackjack table.

With my internet gambling cherry popped by my first win (I just barely bested the third entrant's score), it was a much less nerve-wracking process to enter a few dozen more Minesweeper competitions. I was scanning the results of these matches when I realized WorldWinner's devotion to skill-based games only went so far. While it's true that there's more skill in Minesweeper than in a slot machine or a casino table games, there is still randomness in the arrangement of the mines. WorldWinner tries to minimize this factor by giving players a free move if they get stuck and are forced to guess, but the fact remains that some setups remain harder than others.

The luck-of-the-draw opponent matching system adds another bit of randomness to the proceedings. Winning a competition depends not only on your score, but the score of the next person of a comparable skill level to enter into a similar tournament. Sometimes a low score will end up winning against some newbie, other times a great score will lose to a shark. It all depends on who happens to enter around the same time as you.

You'd think this would balance itself out in the long run, but the opponent pool is seriously tainted by self selection. This effect became apparent after I got beat



> "I couldn't help but wonder if I was being SET UP to take a fall to the house shills, "ringers" meant to prevent WorldWinner FROM HAVING TO PAY any real winners"

in competition after competition by the same two usernames: nnrupp.pgo and estremil.pgo. Occasionally, I'd get an easy win against some fresh meat newbie, but the vast majority of entries and wins seemed to be funneled to these two Minesweeper sharks. It's possible that these guys were just natural Minesweeper experts, but I couldn't help but wonder if I was being set up to take a fall to the house shills, "ringers" meant to prevent WorldWinner from having to pay any real winners.

Tired of losing to the experts, I decided to try losing some money to myself. After you've entered enough cash games, WorldWinner takes away its small nod to human interaction and opens up TopThis!, a competition type that lets you wager money against your median score, meaning you're statistically likely to win half the time and lose the other half. This is where the specter of true gambling addiction can grab you – while man-on-man competitions require you to wait for opponents (and thus take a break when none are available), you can bet money against yourself at any time of the day as quickly as your little mouse will let you.

This is what happened to me, as a mad dash of increasingly frantic TopThis! competitions quickly chipped away at my account balance until it was nothing. I was ready to call it quits and write off the whole experience, until WorldWinner noticed my low balance and tried to win me back with some free playing money. I dived back in, determined not to squander my new bankroll as I had my previous one.

I tentatively tried my hand at a few new games to find one that would unlock my earning potential, but none of them seemed like a perfect fit. Blackjack-based Catch-21 required too much luck. Scrabble-based WordMojo required too much vocabulary. Match-three-based Bejeweled required too much color coordination. With $5 left to my WorldWinner name, I finally stumbled across the game that I quickly determined would be my path to riches.

Mean Greens Mini-golf is different from the other WorldWinner games because it seems perfectible. While all the other casual games on the site require some mixture of reflexes, quick-thinking and planning ahead, conquering the mini-golf course is as simple as figuring out the

correct angle and power needed for each hole. I decided to give it a go.

After a few hours of practice games, everything fell into place, and I made my first wager on mini-golf. A couple lucky bounces on holes 7 and 8 left me with a score of 16 - my lowest yet and a score I was confident would win me some money. I opened the results page, only to find that I had tied for first with someone going by the handle of gussiedgd2.pgo. (There's that ".pgo" extension again.) I couldn't believe it. Here was practically the best performance I could muster, and all I had to show for it was a tie for first place. What's worse, thanks to the vagaries of the competition's prize structure, a tie actually meant I lost a little money.

It was about this time that I realized that the only real winner in these competitions is WorldWinner.com. While individual players can and do indeed win money from individual competitions, the house always takes a cut that makes real, long-term winning nearly impossible. A $1 bet on a three-person match nets the winner $2.25 and WorldWinner $0.75 in profit. A $5 one-on-one match nets the winning player $8, the company $2. It may sound hard to build a successful business on such minuscule amounts, but when you consider that WorldWinner operates more than 11 million games a month, you can see how each little slice contributes to a really big pie.

I continued to putter around (pun intended) at Mini Golf for a while, but after a few days of ups and downs my $5 had again dwindled to next to nothing. I finally gave up the ghost and realized I wasn't going to be able to retire on my millions of dollars of Minesweeper winnings. I also came to realize that playing these games for money turned a fun way to pass the time into a tense, nerve-wracking quest for digital perfection. Skill or luck, I found that when it comes to gaming, mixing the two definitions isn't any fun at all.

COMMENTS

Kyle Orland is a video game freelancer. He writes about the world of video game journalism on his weblog, Video Game Media Watch.

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