CS213
Creating Great VR: From Ideation to Monetization

Aaron Davies
Week 9:
Product Evolution & Sustaining Growth

Goal: Products are not “done” once they’re launched. This unit will focus on behaviors and tools to sustain success (or recover from sub-par release). Learn how to weigh cost/benefits of iterative product releases vs. product updates. Evaluate and react to consumer feedback.
Platform & “App” Evolution

IBM “Simon” (1994)

• Preloaded Features
  • Address Book
  • Calculator
  • Calendar
  • Mail
  • Note Pad
  • Sketch Pad
Platform & “App” Evolution

Nokia 6110 (1997)

• Feature Phone “Apps” like Snake
Platform & “App” Evolution

RIM Blackberry 957 (1999)

• qwerty keypad (comms)
• Pre-loaded or side-loaded content

....for the next NINE YEARS
Platform & “App” Evolution

Apple AppStore (July 2008)

- 500 apps at launch
  - 200+ free
  - 90% @ $10 or less
- 10M downloads in first 3 days
- 10B downloads by end of 2010
  - 400k apps at this time
  - Median $ per app per year $8700
Platform & “App” Evolution

Google Play (2012)

• Fusion of:
  • Android Market
  • Google Music
  • Google Books
  • Video App
5 Early Apple App Store “Killer Apps”

1. Pandora (2008)
   Streaming
   Recommendations engine
5 Early Apple App Store “Killer Apps”

   - iTunes, Twitter, YouTube integration
   - Component leverage
5 Early Apple App Store “Killer Apps”

   - App updates
   - F2P (11M) /Premium (7M)
5 Early Apple App Store “Killer Apps”

   Navigation
   Web/Java to App evolution
5 Early Apple App Store “Killer Apps”

5. Instagram (2010)
   - Tipping point for cell photography
   - Twitter-esque social
   - App acquired by App (FB)
Theme: Browser-Based
Theme: Standalone Apps
Theme: Cloud Enabled & Intra-App
Theme: Democratized & Indie
Theme: VR
Theme: (Many) Others....

Instant Games on Messenger
2016 highlights

• Worldwide downloads up 15%, time spent up 25%, revenue up 40%
  • China tops iOS App Store revenue
  • Games responsible for majority of app store revenue
    • Highlights: Pokemon GO 20M+ DAU @ 80% $ convert, Mario Run #1 app in 148 countries
  • Shopping up 30% YoY
• Average # apps used per month ~35
Pokemon GO

Days to Reach $800M in Worldwide Consumer Spend*

- Pokemon GO
  - July 5, 2016
  - More than 4.5x faster

- Candy Crush Saga
  - November 14, 2012
  - 250+ days

- Puzzle & Dragons
  - February 20, 2012
  - More than 3.5x faster

- Clash of Clans
  - June 14, 2012
  - More than 2.3x faster
  - 500+ days

Minimum Days Since Launch**

Total Time Spent in Pokemon GO* United States, October 2016

- *iOS App Store and Google Play combined
- **Based on earliest release date in either store

*Android phone
Where’s the $$?
Apple & Google YoY ‘15-'16

Category Focus of Publishers with First $1 Million or Greater Year in 2016

App Store

Category Focus of Publishers with First $1 Million or Greater Year in 2016

Google Play

New $1 Million Publishers on U.S. App Stores

Above: Categories of publishers with first $1 million or greater year in 2016. Image Credit: Sensor Tower

Above: Here is a chart showing the year-over-year change in the percentage of new $1 million publishers in the Games category. Image Credit: Sensor Tower
Feedback

• Customers
• Publishers
• Peers
• Platforms

Common Opportunities

• Stability & performance
• UI design/intuition/responsiveness
• New Breadth/depth/expansion/episodes
• Embracing new technologies or features
• Collaborations/sponsorships
• Pricing models
• Marketing & promotion
• Localization or Geographic factors
### Variable Rewards

<table>
<thead>
<tr>
<th>Machine A</th>
<th>Machine B</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Pulls</td>
<td>Payout</td>
</tr>
<tr>
<td>100%</td>
<td>$0.94</td>
</tr>
<tr>
<td>10%</td>
<td>$2</td>
</tr>
<tr>
<td>3%</td>
<td>$8</td>
</tr>
<tr>
<td>0.01%</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
Winning Long-Term Vision

• It’s all about the team/people
• Don’t expect overnight success or instant win scenarios
• Focus on what adds value for largest audience
• Build more than a game/app/title
  • Service model? Subscription? DLC/IAP?
• Multiply income streams
• Be resilient (don’t give up). Be aware (know when to give up).
• You can’t scale a bad idea/implementation
• Patience, goals, milestones
It’s not over when you lose.
It’s over when you quit.
End