

CHANGING THE GAME

How Video Games Are Transforming the Future of Business

DAVID EDERY and ETHAN MOLLICK

DAVID EDERY is the worldwide games portfolio manager for Microsoft's Xbox Live Arcade. He is also a research affiliate for the MIT Comparative Media Studies Program. Mr. Edery is a co-founder of the Convergence Culture Consortium which is a research partnership which involves corporations like MTV Networks and Turner Broadcasting. He is a graduate of MIT and Brandeis University.

ETHAN MOLLICK is a business consultant. He has worked on a number of software development projects which use games for teaching and training purposes. Mr. Mollick, a graduate of MIT and Harvard University, founded eMeta Corporation which grew to be the world's largest supplier of software for selling content online before it was acquired by Macrovision in 2006. Mr. Mollick also worked for the Defense Advanced Research Projects Agency on its DARWARS project.

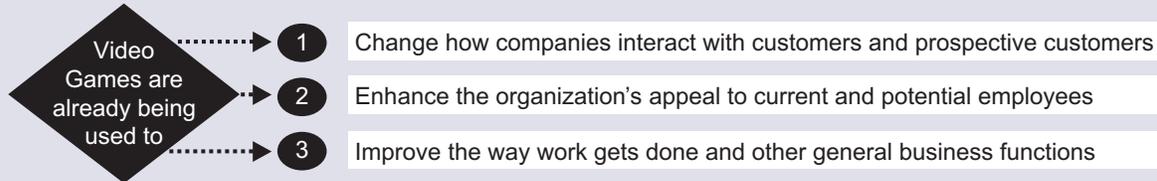
The Web site for this book is at www.changingthegamebook.com.

SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

MAIN IDEA

Video games are big business. The revenues of the video game industry have already surpassed Hollywood box office revenues and will very soon eclipse the revenues of the music industry. Major game releases can earn now more than \$170 million in their first 24 hours of release – even more than Hollywood blockbusters. And yet for all these impressive numbers, the video game industry is just about to enter a new phase of growth once again as companies begin to use games to revolutionize the way they interact with customers and attract new employees.

Smart companies are now using video games to achieve three basic business aims:



Many of these game applications have already been in use for a number of years. As next-generation games come along, they will be used to spur innovation and better harness the collective brainpower of the entire organization.

In all, the use of games to achieve serious business aims remains an untapped resource for many companies. It's time to get up to speed on what gaming is already achieving and get on the bandwagon. Ultimately, it's not at all hard to envisage a future where games will influence every aspect of the corporate landscape from how you sell products and services, how you choose a career and get hired by some company right through to how you perform your daily work functions.

"Games can make it fun for employees to learn how to manage a supply chain. Games can encourage customers to voluntarily spend hours learning about the future of a product. Games can encompass massive economies of virtual goods and services that are worth billions of real-world dollars. All of this – and much more – is happening right now at the intersection of business and games, and the forward-thinking companies at that junction have already begun to reap great rewards of their effort. Games are transforming the nature of work and play in so many ways that, whether you work in a business, governmental organization, or non-profit, you can almost certainly find a way to take advantage of games to better accomplish your goals. So, are you ready to play?"

– David Edery and Ethan Mollick

Video games are already being used to:

1 Change how companies interact with customers and prospective customers Pages 2 - 4

More and more, games are being used to transform the way customers interact with mature, mainstream companies. Games have become tools companies use to connect with their customers in all kinds of interesting and creative ways. Some of the specific techniques now in use include:

- Placing advertisements in and around games
- Special advergaming which promote the brand
- Harnessing the power of virtual worlds

All of these techniques, when combined, have the effect of blurring the lines between reality and a fantasy world which exists only in the mind of consumers. Companies are becoming quite sophisticated in their use of games to create awareness.

2 Enhance the organization's appeal to current and potential employees Pages 5 - 6

Games can not only be used to educate. They can also be used to recruit new employees, to train those employees, to motivate people to excel and to make employees more productive. Even better, games can achieve all these things and more without people even being aware they are being taught. When games are used for training, people think they're just goofing off on the boss's dime. This is great because it enhances the effectiveness of the training which occurs. Games are the perfect win-win situation for any organization: employees love playing them, they don't even realize they are learning good stuff by playing them and the organization benefits.

3 Improve the way work gets done and other general business functions Pages 7 - 8

Games engage people and can motivate them to do amazing things. It's not at all uncommon for gamers to work harder at their games than most people do at their real jobs. Companies should take note of this and do everything feasible to inject more game-derived ideas into the way business gets done. The future is bright for those companies which learn solid lessons from the success of the gaming community and find ways to use games to engage the best efforts of innovators and thinkers. As counterintuitive as it may sound, the energy required to excel in the twenty-first-century economy can realistically be generated by offering games at work that get the right things done.

