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Game On for Google

Search Giant's New Offerings Step Up Facebook Rivalry

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In a much-anticipated move, Google Inc. on Thursday announced the availability of online games on its new Google+ social network, as the Web-search giant heightens its competition with Facebook Inc.

Google is currently offering 16 games from 10 gaming companies, including Rovio Mobile Ltd.'s popular "Angry Birds" game and Zynga Inc.'s Zynga Poker. The offerings will expand over time, the company said.



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Google currently has 16 games on its new Google+ social network.

The rise of Facebook, which is fast becoming one of Google's top rivals, was aided in part by games, including "social games" that allowed Facebook users to play against each other. Numerous

social-gaming companies such as Zynga, Disney Co.'s Playdom and Electronic Arts Inc.'s Playfish were essentially built into the Facebook site as applications.

Facebook takes a 30% fee of any revenue generated by the game makers, many of whom sell "virtual goods" such as sweet potatoes that people can use in Zynga's popular FarmVille game, for instance.

Research firm eMarketer estimates that social-gaming companies generated more than \$500 million in revenue from selling such virtual goods last year.

For social-game developers, a successful Google offering would mean they wouldn't be so heavily dependent on Facebook, where the vast majority of users access such games.

If Google+ can approach the scale of Facebook, it may also become a more financially attractive alternative for game companies. That's because Google+ is expected to take a much smaller cut of game makers' revenue.

A Google spokeswoman said Google+ will offer a "promotional rate," initially taking 5% of any payments made by Google+ users to the game companies for the remainder of the year. She declined to say what the share of revenues would be in the future.

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Google began talking to game companies about potential partnerships more than a year ago, as it was developing what became Google+.

Google+ launched at the end of June and has had more than 20 million unique visitors, according to comScore, though it's unclear whether the visitors have become loyal users. Facebook has more than 750 million active users.

Google's social-networking effort is partly an attempt to get people to share information about their personal interests, which is valuable to advertisers. Facebook has built a multibillion-dollar ad business because of such data.

Peter Relan, CEO of social game maker CrowdStar Inc., which has games on Facebook, said Google's offering "looks very interesting, but it's too early to tell." He added that "the lower platform fee is very attractive."

Kevin Chou, CEO of Kabam Inc., which on Thursday launched two games on Google+, said Google appears "serious about games and they're friendly toward developers, so we were comfortable making a big investment" to develop the games for Google+. Until now, social-game developers have only had one major distribution outlet, which is like making a product but having "Wal-Mart as your only retailer," Mr. Chou said. He added that Google said it is willing to let Kabam, which makes social "sci-fi strategy" war games such as Dragons of Atlantis, create new features that aren't allowed on Facebook, though he said he couldn't elaborate.

He said the company, which generates tens of millions of dollars a year in revenue, will closely track the return on its multimillion-dollar investment in developing two games for Google+, to determine whether it will continue.

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