The EU gaming blockchain studio that empowers players to earn money through video games.

Business Plan

July 30th,, 2019

UNIVERSITY OF OXFORD — An original idea born at Oxford University Blockchain Programme

Executive Summary:

Triple O Games is a blockchain enabled gaming startup focused on building unique gaming experiences upgrading the "Free-to-Play" model by empowering players to earn money alongside game developers through blockchain.

Our goal is to solve gaming industry problems such as lack of loyalty compensation, discoverability, high acquisition costs, the massive pressure to improve retention, the lack of transparency, fairness, lack of ownership rights through a new "Play-to-Earn" business model, incentivizing loyalty and promoting and rewarding players, giving freedom, power, trustability, security, transparency and rights of ownership, bringing better content for a much better price.

Our solution is to deploy a hybrid blockchain solution to empower users to monetize giving them the possibility to trade, share, gift , auction and cash out, creating a new "Play-to-Earn" business model, giving them rights of ownership of the game assets, freedom, trustability, security and transparency, creating an incentivize referral system, allowing micro & macro transactions, promoting and rewarding players and creating convertible ownership licenses.

Our target audience are young multiplayer mid-core gamers. They don't feel rewarded for their time and loyalty, sometimes they feel scammed when they are force to pay to improve inside the game or cheated with loot boxes.

Our business model: We develop high-quality games with a new business model that we call **"Play-to-Earn"** with four revenue streams; **Buy & Own, Trade & Earn, Compete & Improve.**

1. We incentivize the trading of game assets by sharing the profits with the most committed players, obtaining a fee for each transaction.
2. We sell exclusive, limited and rare gaming assets that will multiply their market value.
3. We sell tournament tickets where you can earn exclusive gaming assets.
4. We earn money for the advertisements displayed in the game that are strongly tied to the experience of the game.

Revenue potential: In the game Fortnite, players have the option to spend money on in-game currency, called **"V bucks,"** which can be used to make in-game purchases, the exchange rate is roughly 1 USD to 100 V-Bucks. Fortnite amassed an audience of **200 million players who have made "V-bucks" purchases for 2.4billion in 2018.** Teenagers ditched their traditional favorites this holiday season such as cash and gift coupons in favor of digital currencies and 'V-Bucks'.

This gender is in full growth, 'Apex Legends' Hit **10 Million Players In 72 Hours** on February 6th, Beating Fortnite's record, which took two weeks to get the same mark.

Market validation signals: US Teenagers ditched their traditional favorites 2018 holiday season such as cash and gift coupons in favor of digital currencies and 'V-Bucks'.
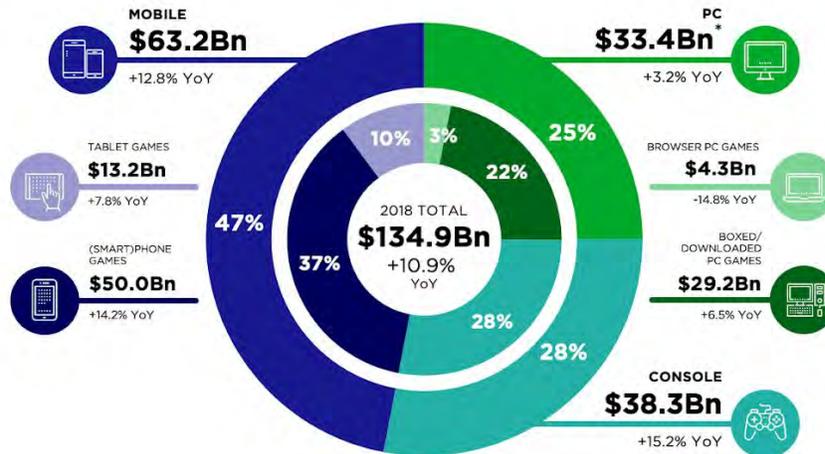
Also, The economic situation that is taking place in Venezuela in 2019 have accelerated our proposal validation. The practice of 'gold farming' is spreading in an online game, Runescape, in order to obtain economic income, is striking. Gold farmers are able to earn between 50 cents and two dollars for every hour of play. The virtual currency of the title is highly coveted on the net and can be exchanged for real money and virtual cut coins such as Bitcoins. In case of reaching between 2 and 3 dollars an hour, it would be surpassing the average income in the country.

Video game Market: Video game revenue **tops $135 billion in 2018,** an 11% jump from 2017, surpassing in almost double total global box office for the film industry and for the streaming industry altogether, which are estimated to rake in somewhere around $71 billion. The global games market is expected to grow to more than **$180.1 billion in 2021.** Considering that global games market revenues were $70.6 billion in 2012, this puts the 10-year CAGR for the market (2012– 2021) at 11.0 percent according to market researcher Newzoo.

2018 GLOBAL GAMES MARKET
PER DEVICE & SEGMENT WITH YEAR-ON-YEAR GROWTH RATES

MOBILE **$63.2Bn** +12.8% YoY

PC **$33.4Bn*** +3.2% YoY

TABLET GAMES **$13.2Bn** +7.8% YoY

BROWSER PC GAMES **$4.3Bn** -14.8% YoY

(SMART)PHONE GAMES **$50.0Bn** +14.2% YoY

BOXED/ DOWNLOADED PC GAMES **$29.2Bn** +6.5% YoY

2018 TOTAL **$134.9Bn** +10.9% YoY

CONSOLE **$38.3Bn** +15.2% YoY

10% · 3% · 25% · 22% · 47% · 37% · 28% · 28%

*Due to rounding, browser PC games ($4.3Bn) and boxed/downloaded PC games ($29.2Bn) add up to $33.4Bn.

Source: ©Newzoo | October 2018 Quarterly Update | Global Games Market Report
newzoo.com/globalgamesreport

Video game tokens market potential: The video game skins industry is booming. <u>It's worth $50</u> billion today and looks set to keep growing. Virtual items regularly sell for huge amounts—the highest ever being <u>an astonishing $6 million</u>.

Around 60% of console gamers have purchased virtual items at some point, along with 43% of PC gamers and 33% of smartphone gamers. In the last 12 months, video gamers have spent an average of $133 (console gamers), $96 (PC gamers), and $37 (smartphone gamers) on virtual items.

Our team is a group of veteran gaming, technology and innovation developers who love to give new disruptive innovative ideas through meaningful entertainment and gaming experiences, creating high-tech solutions that we implement in high-quality games.

Isidro Quintana
CEO

Ricardo
Varela
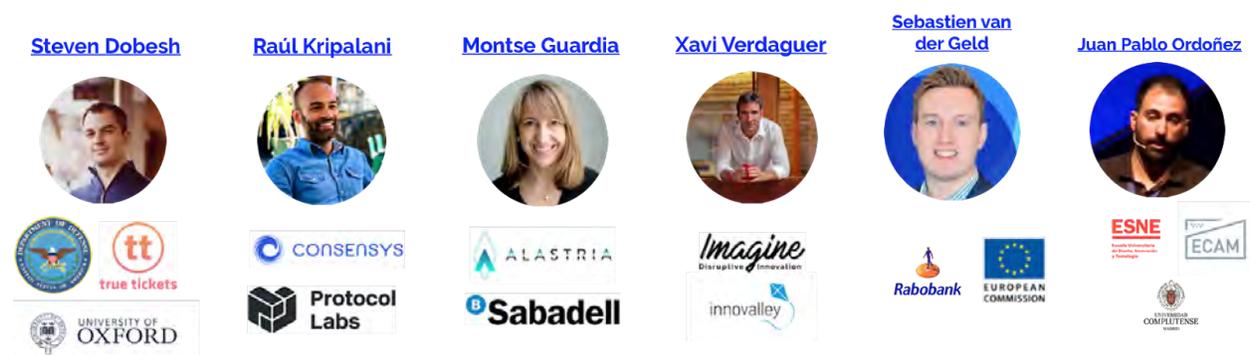**CTO**

+14 years experience

10 years experience

Gaming entrepreneurship

Gaming Developer

Our team is a group of veteran gaming, technology and innovation developers who love to gives new disruptive innovative ideas through meaningful entertainment and gaming experiences, creating high-tech solutions that we implement in high-quality games. We have worked for and with Triple-A gaming companies such Ubisoft's Massive, Activision, Konami, Sony's Guerrilla,. On the entertainment side of things, we have work with big entertainment companies such as Disney, Warner, Marvel, DC, Mattel, Paws (Garfield) and Crayola.

On the entertainment side of things, we have work with big entertainment companies such as Disney, Warner, Marvel, DC, Mattel, Paws (Garfield) and Crayola.

Steven Dobesh **Raúl Kripalani** **Montse Guardia** **Xavi Verdaguer** **Sebastien van der Geld** **Juan Pablo Ordoñez**

The experience in Blockchain technology and innovation of our advisory team includes working with the U.S. Department of Defense at the Pentagon, Oxford University, Consensys, Protocol Labs and Alastria, among other big names in the industry.

Revenue projection and scalability: We firmly believe that with our business model **we can generate profits ranging from 3.5 to 20 million euros per product per year**, each with an average lifespan of 3 years each. We will be able to generate a game every year and a half on average. That is to say, **in the fifth year and with 3 products on the market, we could generate a total of 180 million euros**. In addition, a great opportunity arises to be able to sell to third parties the technology that we generate and that is not included in the business model and scalability calculations.

Product Sales | Average ⌄
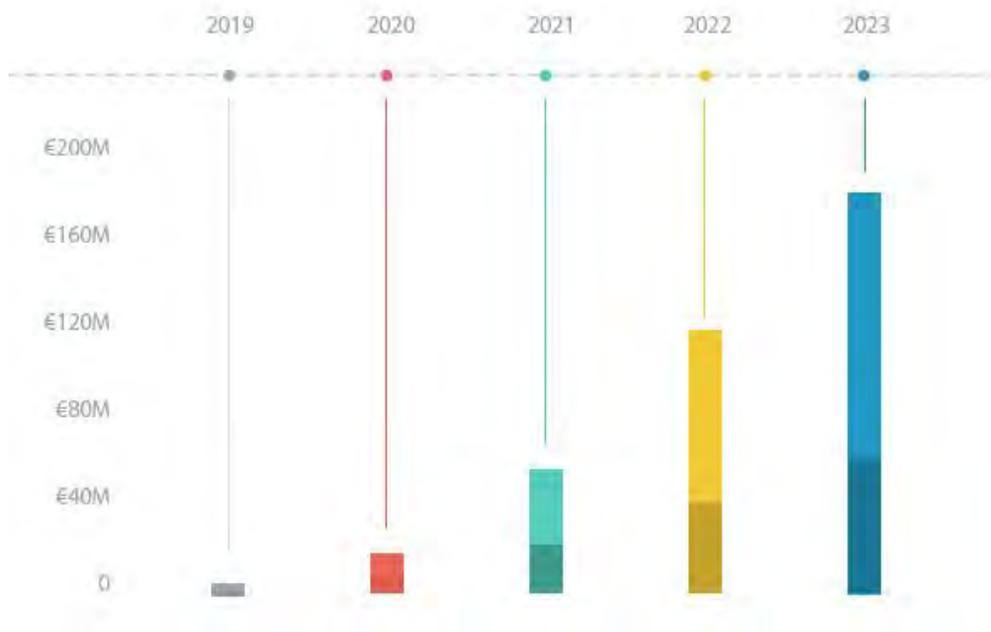
The current state of development:

The founding team has been bootstrapping and self-financing the development of the project for the last year, currently, we are in the development of the game demo and the MVP of the game economy and its operation in the blockchain.

What we need and what we offer:

First project budget: **800.000 EUR**
Marketing costs for soft launch: **100.000 EUR**

We are looking for **450,000 EUR** on private seed investment under SAFE (Simple Agreement for Future Equity) with a **maximum valuation of 2.5 million EUR with 20% of discount** that will unlock another 450,000 EUR of co-investment loan from Canary Island Government under the ERDF (European Regional Development Fund). This money will cover Development of the first game and soft-launch campaign. We will go for a Series A with soft-launch KPIs before release.

Business Plan:

The problems on the current game systems:

1.No possibility to cash out virtual currencies into fiat

There is no possibility of being able to monetize in fiat your game time or your game assets, there have been previous cases like the auction house of Diablo III or the sale of WOW characters in eBAY that marked a before and after in the attempt to monetize the digital assets in fiat without success.

2. No compensation for loyal players

Many loyal players spend a lot of time on a game, spread the word to its friends, and even if they don't spend a penny on the game they bring a lot of value to the game that is usually not compensated at all by the publisher which can generate up to 10-digit figures per year.

3. No ownership rights

When the games stop being profitable they are shut down, even if they still have large communities behind who have spent a large amount of time on it, if not money. When the game servers are shut down, the players are left with nothing from it: no game to play, no achievements record, no customized character, no rare items and nothing at all.

4. Lack of transparency and fairness

Players feel exploited and manipulated when it is in the game's hand to decide when to do a valuable loot drop or not when coincidentally a first purchased loot box can have quality items and following ones not and all sorts of tricks.

5. Discoverability

Precisely for being so profitable everyone seems to have jumped into F2P model saturating the market and making discoverability the **main problem** for most developers. Even in the traditional gaming space where it used to exist a curate filter before publishing after digital

6. Lack of good user experience on Blockchain

Getting into blockchain is too complicated for most of the target audience. Government regulations like KYC and AML obligations in some cases, volatility in the financial aspect, installing extensions to connect to the blockchain, create a wallet or going out of the game to trade the game items, ruin the game experience. distribution platforms like Steam opened the doors it lead to an overcrowded market as well with too many low-quality games and a discoverability problem.

7. High acquisition costs for developers

This model relies on a large user base as 95% of players got used to not spend any money at all on F2P games, and with hundreds of games published each day, this large user base usually requires expensive marketing investment regardless of the quality of the game. This is reflected in the stagnation in the distribution of profits in which only developers with large capital investments in user acquisition (UA) are able to monetize in this model.

8. Massive pressure on developers to improve retention

Given this highly competitive scenario, it is very difficult to make video games profitable, so developers are forced to design the game in a way to squeeze the maximum retention of the user, trying to turn him into a loyal and paid user, which deteriorates the quality of the game itself, in some cases turning it into a sort of gambling machine.

Solution
Empowering players to earn money through blockchain:

Creating "Play-to-Earn" (P2E) business model.

From Premium to Freemium and Free-to-Play (F2P) business models and thanks to Blockchain, we are able to offer a brand new "Play-to-Earn" (P2E) business model that allows for an exchange of value between the virtual and analog world and frictionless exchange of value. This system has been created to prevent wealthy players from quickly monopolize the top positions, removing any possibility of a pay-to-win model. We evolve from pay to play to a free to play model, we are offering a new business model with these value propositions:

1. **Own, trade, share, gift and cash out:** Thanks to Blockchain players will have property rights over the game items or digital assets. Using NFTs (Non-fungible tokens) players

can not only be the item's sovereign but trade, share and gift them on an auction house or any marketplace increasing their social value since collectible items are unique personal markers of identity and self-expression.

2. **Proof of reputation (Player reputation system):** Each user will have a unique ID with an associated reputation, stored on a blockchain (Reputation token). This reputation represents the commitment of each player with the game. This reputation index can be used as a base to reward the loyal players sharing part of the revenues of the game. Also players is punished if was detected as a cheater or a hacker, helping to solve one of the major problems of current online competitive games.

3. Our Blockchain hybrid solution allows us to bring **freedom, power, trustability, security, transparency and, rights of ownership** to the player.

4. **Proof of game item scarcity and exclusivity:** Being tokens on a blockchain, each tradeable item has a unique and immutable ID similar to a serial number, this means nobody can clone or duplicate it. Additionally, players can verify how many instances were made of some of the most exclusive items. It is also possible to use game items in and out of the game. These features increasing drastically their value.

5. **Micro and macro transactions and money saving:** The possibility of micro and macro transaction will allow us to create new monetization strategies while players save millions on payment processing. Decentralized payment gateways will allow players to make payments with a fraction of the fees that are currently paid to credit card companies.

6. **Increase WOM marketing (Player promotion system):** Loyalty is rewarded with a reputation token, also the player who is promoting the game is tracked and rewarded as well. This is a disruptive tool to generate organic user acquisition as players would worry about promoting the game on their networks to increase their possibilities to make money (Word Of Mouth marketing) as they would become partners benefiting from the game and the more volume of users, the more likely they are to earn money.

Revenue Streams

"Play-to-Earn" business model includes new revenues for the game developer and for players, a more detailed explanation is showed in the game economy and monetization section:

1. **Transaction fee:** A large part of the profits will come from the 5% charge on each transaction that will be possible thank to the Smart Contracts inside the Blockchain.

2. **Game Items auction house:** players will have at their full disposal an auction house where they can trade freely in the game items obtained in the game.

3. **In-app purchases:** We will use a classic system of selling limited collectible game elements tokenized as NFTs (Non-Fungible Tokens), these, in turn, will not affect the gameplay of the game but will be aesthetic, this is important to maintain a balance between the economy and interest in the game. Vehicles, Prize pool tickets, and other game items elements can be purchased, also new update new content.

4. **Advertising:** advertising in many cases accounts for the total revenue of many F2P games, in most casual and mobile games, advertising accounts for more than 50% of the revenue, most DLT solutions advocate the elimination of advertising, we follow the market trend as we benefit the player and the developer equally.

5. **Tournaments Tickets, prize pools, and fan donations:** We will sell tournament tickets democratizing the E-sports for everybody who wants to participate. Entertainment in the e-sports moves [billions](#)where many of these fans donate money for the tournaments and the players themselves. Fans can promote and get achievement rewarding them by naming game items with their nicknames. Platforms such as Twitch demonstrate a [new business model in an increasing expansion.](#)

Vision and Mission

Our mission is to reward players for their loyalty, skill and commitment.

Our vision is to change the way people interact with video games being part of their success.

Strategy

The majority of DLT or Blockchain solutions on the market rely on a strong disruption and an adaptation model that involves convincing the industry to adapt to their proposals. The market is dominated by large distributors, who also have a monopoly on gaming devices, except for PCs, so the introduction of this technology must be in line with the market.

We are committed to going through a process of adaptation to the market, so we are taking two steps:

1. Create a video game studio that creates products that validate our proposal first

2. Create a gaming blockchain platform for a technological implementation to third parties (with a proven use case, market data, and market traction from our games).

Team

Our team has top professionals with experience in gaming and blockchain, people passionate about their profession and dedicated to improving experiences using video games and technology.

EXECUTIVES

Isidro Quintana: co-founder, CEO and Art Director

+14 years in the technological and audiovisual innovation industry. Some of his milestones achieved are: being awarded Best Startup in the Canary Islands, having raised several rounds of investment, building a successful video game company Promineo Studios (and exit), working with the best entertainment companies such as Disney, Warner, Marvel, DC, Mattel, Activision, Garfield and Crayola, getting a game featured worldwide by Apple and showing an indie game as one of the best in the world in 2015 at paxEAST, being a TED speaker or having won a Goya with an animation film.

He studied graphic design and audiovisual communication at CICE, Blockchain in Oxford and conflict resolution at Stanford University.

Currently a founding member of the Oxford blockchain foundation oxbc.io

Ricardo Varela: co-founder and CTO

Computer Engineer graduated with Extraordinary Award (Summa Cum Laude) and with 9 years of professional experience, including AI research projects to help with cancer prevention. Specialized in game development, his hobby for over 20 years, made his own game engine to break into the industry.

Has worked on medium and Triple-A games, PC and consoles, on gameplay and core technology.

Some credits include Tom Clancy's The Division at Ubisoft Massive, Assassin's Creed Chronicles for Ubisoft, Castlevania: Lords of Shadow PC port for Konami, Harry Potter license Wonderbook game for Sony and EyePet & Friends at Climax Studios for Sony London.

Ricardo has left his AAA gaming career to co-found this new startup.

ADVISORY BOARD

Steven Dobesh: Blockchain strategic Advisor

Formerly worked at the Pentagon, Joint Chiefs of Staff, as the Technology & Innovation Chief for the Logistics Directorate. In that role he was the Joint Staff Subject Matter Expert on Blockchain, architected and led the first Department of Defense blockchain pilot to secure the digital thread of additive manufacturing (3D printing) and established and led the DoD's only Blockchain Community of Interest focused on widespread adoption and implementation.

Steven routinely gives speeches to Industry addressing the DoD's use of blockchain. Prior to being assigned to the Pentagon, Steven was a Navy pilot. He has over 17 years of military and leadership experience, including multiple deployments to the Middle East, Western Pacific, and South America.

He is Co-Founder and President of True-Tickets Leveraging Hyperledger Blockchain technology, True Tickets is a Digital end to end, secure ticketing provider connecting artists and fans.

Raul Kripalany: Blockchain Technical Advisor

Blockchain, Distributed Systems and Data Engineer with 10+ years of strong Open Source background. Working as a Core Engineer at Protocol Labs, working on libp2p. He is a committer and PMC in Apache Camel and Apache Ignite. Has a BSc Computer Science with Artificial Intelligence @ the University of Southampton, UK (FIRST, equiv. Summa Cum Laude).

He is the founder of the EthQL project at ConsenSys, an extensible GraphQL interface to He has worked with: Audi, Richemont, Vodafone, Telenor, Rhätische Bahn, Avinor, Statnett, Red Ethereum.
Hat, GÉANT (EU project), GridGain, Interdiscount, Telefonica, Gobierno de Canarias, Swisscom, Atresmedia (Antena 3), Cabildo de Tenerife, Universidad de Chile, Sobrado AG, Xchanging, TOP-TOY A/S.

Montse Guardia: Blockchain strategic Advisor

General Director at Alastria, the biggest blockchain consortium in Spain, with 20 years of experience managing the delivery of innovative programs & operations. Working in Global Corporations, Montse has dedicated the last 5 years to build bridges between Start-ups and Corporations Worlds, working closer to teams approaching the use of cutting-edge technologies and entrepreneur competencies as means to deliver new service models.

She has delivered organizational transformation programs. Before his current role at Banc Sabadell, as Software Engineering Services Director at Technip, she led a worldwide team to manage globally the IT Projects Portfolio, providing key business strategic software applications according to needs.

Prior, she was Chief Operations Officer of Atos Origin for South America, and she has been responsible for the IT Services management of Major Events (4 Olympic Games, Pan-American Games, and several World Cups and UN Summit). She has a working and living experience in 7 countries and 4 continents. She is a regular contributor to mentoring programs and staff member of social innovation programs.

Xavier Verdaguer: Innovation Advisor

He is a serial entrepreneur, an expert in innovation and e-commerce. Born in Barcelona and located in Silicon Valley, in the last 16 years he has launched many technology companies based on innovation. In 1997 he founded his first company, TMT Factory, and BCN Media, which offers software and communication services.

The arrival of the crisis in the technology sector in 2001 led the company to an international level with more than 50 employees and customers such as Gas Natural. Deutsche Bank, Barceló and JCDecaux.

In 2009 he relinquished his position as director and in 2010 launched his first company in Palo Alto, Innovalley, a company that develops intelligent objects combining Barcelona's creativity with the latest American technology. He also founded a software development company and the Imagine Creativity Center in Silicon Valley, whose main goal is to generate disruptive ideas to change the world and the way we live.

Some credits include Halo Wars 2 by Creative Assembly & Microsoft, Tom Clancy's The Division by Ubisoft Massive, Cobalt by Oxeye Studios & Mojang, Mount & Blade 2: Bannerlord -and- Mount & Blade: Warband by Taleworlds Entertainment, and War of the Roses by Fatshark.

Sebastien van der Geld:

Chairman of the E-Sports and Gaming Foundation in the Netherlands. He is a polymath with a keen interest and extensive experience in IT, business and law.

He has experience working as an IT Business Analyst and acted as a Blockchain Ambassador. He also has experience representing an EU Media Association vis-a-vis the European Institutions (European Parliament, European Commission) on topics such as intellectual property, net neutrality, and privacy.

He has a background and degrees in European law (LL.B) and Dutch law (LL.M). His research specifically focused on the legal status and licensing of virtual assets in video games such as Massive Multiplayer Online Role Playing Games. He recently finished Oxford Said's Business School's: Blockchain Strategy Programme and is one of the Founder Members of the Oxford Blockchain Foundation.
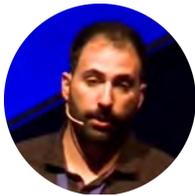
Juan Pablo Ordoñez: Gaming Advisor

Began his professional career in the video game industry more than 19 years ago. Over the years he has published more than 70 titles, from mobile games to virtual worlds, educational games, experimental games, and educational applications, and designed systems that mix animation series and video games.

He works as a headhunter or headhunter for international recruiting agencies in the sector. He works as a consultant for companies in the development, direction, and design of video games as well as interactive experiences and gambling.

Research on game design and emotions. He teaches design and video game creation in the master's courses at the Complutense University of Madrid, Alcalá de Henares and ECAM, among other training centers with which he has collaborated. He gives classes on game design, levels and production at ESNE in the Official Degree in Video Game Design and Development.

Technology

We use EOS to improve blockchain user experience drastically. Getting into blockchain is too complicated for most of the target audience. Government regulations like KYC and AML obligations in some cases, volatility in the financial aspect, installing extensions to connect to the blockchain, create a wallet or going out of the game to trade the game items, ruin the game experience. We are creating a convertible ownership license system and a On-chain and off-chain account verification and integration system with EOS to solve these issues.

Why we chose EOS?

EOS is a smart contract blockchain platform created by Block.one via the biggest ICO of all time, raising over 4 billion dollars in multiple funding rounds. It claimed to solve the problems of competing platforms such as scalability, speed and transaction costs and effectively does so since its mainnet launch on June 2018, making it an ideal platform for gaming applications.

EOS has a delegated proof of stake consensus which is key to its performance, having a reduced number of nodes with high-end hardware. This indeed sacrifices decentralization to some extent which is its main criticism, but the question is not as straightforward as those nodes are selected through decentralized voting from a large pool of candidates. Putting things in context, usually three mining pools control more than 50% of Bitcoin mining, same for main competitor Ethereum.

In traditional blockchains such as Ethereum each transaction has a cost depending on transaction complexity and network volume, EOS has a different approach while still keeping the blockchain self sustainable and preventing spamming the network with free transactions. The amount of transactions that the users can do for a given time depends on how many EOS are leased, which are not spent but can be recovered afterwards.

Those virtually free transactions and high performance are some of the reasons that made it grow quickly especially in the gaming sector, ranking currently with up to four times more daily active users than Ethereum or TRON. Additionally, many advancements are made in the NFT area specifically with standards such as dGoods and dNFTs, with tools such as token editors and decentralized marketplaces compatible with any any token that follows the standard.

Those are the main reasons that made us go for EOS as of today, but in the blockchain world things are changing day to day, we are constantly analyzing the situation and getting ready to switch to a different platform if needed.

Planned features to develop

MVP:

1. Players start the game "borrowing" a basic car (they don't really own it).
2. Players earn a Virtual Currency (VC) by playing and winning matches.
3. That VC is used to bid for new cars from a first party store that has temporary auctions.
4. Players can also trade cars in a secondary auction house in exchange of cryptocurrency.

5. Players can spend some VC on customizing their car (ie changing colors, add tuning...).

Tournaments:

1. There are tournaments, which are a way to bring more attention and activity on specific dates.
2. Tournaments provide better prices than a normal match (more VC, sometimes rare cars).
3. Players need a ticket that may or may not be specific for each tournament.
4. The tickets can be bought and resold on the secondary auction house.
5. Eventually players can organize their own public or private tournaments.

Advertisements:

1. As in most f2p games, the game can also have advertisements as a revenue stream, we give some VC or other in game features in exchange of watching extra advertisements.

Reputation:

1. There's a "VIP level" based on player commitment (matches played, won or lost), referrals, purchases, etc.
2. Counter-cheating: by banning cheater's accounts, making new accounts means start from zero discouraging the cheaters.
3. It offers discounts on tournament tickets or a chance to win a free ticket.
4. Also offers a chance to win a free car, or some VC and so on.

Features under consideration

*We are analyzing the legal, technical and strategic implications and feasibility of those features.

Free market VC:

1. The VC is also a blockchain asset.
2. There's a maximum supply and is effectively mined by playing.
3. That VC is bought or sold in an in-game exchange to cryptocurrency (BTC).
4. Developers start with 50% premined coins put on sale on the store at different prices.
5. This can unify the primary and the secondary stores in one; which can be traded based on VC

Fiat gateway:

> We provide a fiat gateway from VC to fiat via the equivalent rates of the obtained BTC

Dividend paying:

> We share part of the revenues we obtain based on the VIP or reputation level of the players.

Solving Blockchain issues.

1. On-chain and off-chain account verification and integration

Problem

> Account creation/setup in blockchain-based videogames is a barrier to entry for new gamers.
> Performance of blockchain-based videogames remain lackluster and disappointing.
> The complexity involved in interaction with the blockchain is discouraging gamers.
> Holding digital assets for users in escrow places considerable risks and obligations on video game companies.

Solution

In order to address the identified problems, we propose a solution called "On-chain and off-chain account verification and integration".
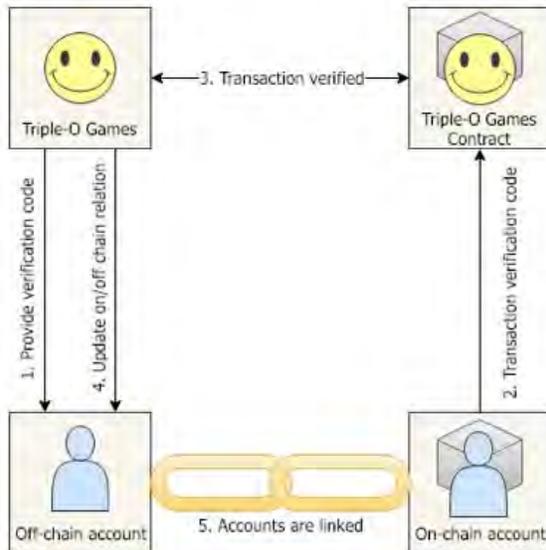
Off-chain accounts

In order to provide easy account creation/setup, we strongly recommend implementing regular off-chain accounts. Off-chain accounts will remain the main account type to interact with the videogame. Account creation should require only minimal information from the gamer, so he/she can jump into the action without any hassle.

On-chain accounts

So what about blockchain and the advantages of true digital asset ownership? Here the on-chain accounts come in. In order to prevent setting up on-chain accounts for or holding digital assets in escrow on behalf of gamers, we make on-chain accounts and digital asset ownership

optional. While users are able to play the game without having an on-chain account the game should incentivize players to create on-chain accounts. Only then users will experience the game and reap the benefits of blockchain to the fullest.

Linking off-chain accounts to on-chain accounts

Linking off-chain accounts to on-chain accounts

Now we have off-chain gaming accounts and on-chain blockchain accounts. How do we integrate both to provide the full blockchain gaming experience? We provide gamers with the possibility to link their off-chain gaming account to an on-chain account. This approach can be closely compared to PayPal's approach, and in a way, the immaturity of blockchain and related barriers resembles the early days of payments over the internet. So how did PayPal link a user's bank account to a PayPal account? Exactly, by verifying the bank account through a transaction and a verification code. In the account page of the gamer's off-chain account, we will provide the gamer with a verification code and a blockchain contract address. By sending a transaction to the blockchain contract address the gamer will be able to verify that the off-chain account is related to the on-chain account. Finally, we can link the off-chain account to the on-chain account.

Digital asset ownership

Once a gamer has linked his off-chain account to his on-chain account, the account is eligible for digital asset ownership. Subsequently, any digital asset that is issued to the the gamer will be issued to the on-chain account. The on-chain account is at the sole discretion and the sole responsibility of the gamer.

Advantages

Since we allow easy off-chain game account creation; users are not confronted with high barriers to entry; solving one of the most pressing user experience issues of account creation in blockchain-based games. By only linking on-chain accounts we do not incur the risks related to

creating on-chain accounts on behalf of users or keeping digital assets in escrow. Since linking accounts is optional and not required to play the game, gamers can actually choose to interact with the blockchain and the complexity involved. However, through the game economy and game mechanics, gamers can be incentivized to set up on-chain accounts and reap the benefits of blockchain.

Additional advantages

The videogame does only have limited dependency on the blockchain. The game will remain to function, even when the blockchain is experiencing issues. Look what CryptoKitties did to the Ethereum blockchain.

Since the game is only using limited (most beneficial) functionality of the blockchain, we require less development on the blockchain. Development costs on blockchain e.g. blockchain developers are costly.

The video game is not limited by blockchain performance since the game's logic is off-chain. Transactions and transaction speed on-chain will only be relevant for the limited on-chain aspects. This is in my opinion currently the only way of providing a high gaming experience that lives up to today's standards.

Reward players by earning the possibility to turn an in-game asset (license) into a digital subject eligible for ownership.

Disadvantages

The game is not fully blockchain based and may be criticized by blockchain enthusiasts and cryptopunks for the limited blockchain functionality involved.

Requires us to probably have a node running and actively track the ownership and changes of ownership of digital assets.

2. Convertible ownership licenses

Traditionally (pre-blockchain and NFT's) virtual assets have been subject to licenses; usually licensed as part of the main game's license. User are licensed to use the game, including the objects that are part of the game. One of the first games to break with this traditional approach was Diablo III, making virtual assets subject to their own license, separate from the games general license. This approach was a necessity to implement the RMAH (Real-Money Auction

House), which allowed players to actually sell their virtual assets to other players. Obviously no ownership was transferred, but a new license was issued upon transfer to the buyer.

The major breakthrough and advantage of implementing blockchain in video games is ownership and proven scarcity of virtual assets. In on-chain and off-chain account verification and integration proposal, it is proposed making on-chain accounts optional. Although having/creating an on-chain account is incentivized, it should not withhold or bar players from diving into the game. By doing so it is possible to solve the high barrier of entry of blockchain-based video games. However such an approach requires a novel virtual asset strategy/approach that can cater to both on and off-chain accounts In this proposal a concept called a convertible ownership license is proposed that suits such a hybrid model.

So **what are convertible ownership licenses?** A convertible ownership license is a license to use a virtual asset. However it differs from a regular license to use a virtual asset; since upon fulfillment of certain condition the license to use can be converted to ownership on the blockchain. The conditions that apply can be specifically catered to the model of the video game. In our current model it can be effectively employed to solve the status of virtual assets of players with off-chain accounts. While it can also serve to incentivize on-chain account creation, since ownership will also allow players to freely transfer their virtual assets.

Convertible ownership licenses can also be used to implement and stimulate the play-to-earn model in a two-layered approach. Since the player is initially granted a license, the first layer of the play-to-earn approach is acquiring virtual asset ownership on the blockchain. Players will therefore be able to "earn" their ownership of the virtual asset, as opposed to the mere right to use a virtual asset of a license. Requirements to convert a license into ownership on the blockchain can be directly integrated into the game system; leveling up an account or winning a certain number of games. The second layer of the play-to-earn model stems from the exclusive right of ownership that is acquired by the player. Ownership, as the most exclusive right, will allow the player to actually sell or trade the virtual asset on the open market.

Scarcity control in blockchain based games has primarily been based on chance: buying a pack with a random chance on finding a rare (Card games) or even on game mechanics that rely heavily on chance (Collectible games). However in traditional games, scarcity control is achieved through actual game mechanics, such as challenges and achievements. In both cases

the scarcity of the virtual assets is determined by the difficulty of acquiring the item, yet in traditional games the difficulty is actually determined by the difficulty of the game as opposed to chance. The convertible license ownership and the requirements for conversion (to ownership) can control scarcity of the virtual assets on the blockchain, without resorting to chance. By either increasing or decreasing the requirements for conversion the scarcity of the virtual asset can be effectively controlled.

Finally **convertible ownership licenses may prove to be an interesting approach with regard to regulatory requirements.** Blockchain based games and blockchain companies often shy away from implementing fiat payments for virtual assets due to the risk of incurring regulatory obligations such as KYC/AML. The NFT's that are sold are actually always part of a token or a cryptocurrency. These can be transferred/converted to cryptocurrency from the get-go of the sale. However traditional games and game companies rarely have to worry about such obligations, since they only sell licenses to use virtual assets. Convertible ownership licenses may very well be an interesting approach in allowing fiat payments for blockchain based games, since only licenses are sold to players. Ownership of the virtual asset through conversion is unrelated to the fiat payment, but solely dependent on the invested time and effort of the player in the game. While in theory this may be an extremely interesting approach and idea, it should be noted that this certainly needs close cooperation with lawyers and preferably the regulator to ensure this approach adheres to the law.

Revenue estimates

Blockchain and cryptocurrencies are opening a whole new segment and business models to the gaming industry, and it may be one of the first segments to bring mass adoption to it. It is still in its earliest infancy though and we will be pioneers on it from the start.

Early simple Blockchain games such as CryptoKitties raised 12 million dollars in a month and had some assets sold for 170 thousand dollars. While that was a bubble that already exploded, this story is similar to the dot com bubble, being the web itself a great technology innovation despite it's a bubble.

With our background on traditional games we plan to create a quality game with blockchain features instead of a blockchain game for the sake of using blockchain, and so we think is more useful to look first at the revenues of several related games such as:

Similar Battle Royale games:

Playerunknown's Battlegrounds: 1.5 billion USD in sales

Fortnite (F2P): 1.2 billion USD in sales

Totally Accurate Battlegrounds: 2.8 million USD in sales

Islands of Nyne: 3.5 million USD in sales

Battlerite Royale: 2 million USD in sales

Realm Royale (F2P): 3.7 million downloads, 3k to 99k DAU

Surviv.io (F2P web browser): 10 to 20k concurrent players

Unturned (F2P): 32 million downloads, 18k to 46k DAU

Cuisine Royale (F2P): 1.5 million downloads, 486 to 12k DAU

Similar arcade car games:

Rocket League: 112 million USD in sales, 7.5 million USD in microtransactions.

Trackmania Stadium & Trackmania Forever (F2P): +3.5 million USD in sales, 2.7 million downloads

Wreckfest: 16 million USD in sales

Road Redemption: 3.7 million USD in sales

Mario Kart 8: 900 million USD in sales

(Numbers taken from steamspy.com, only PC sales are counted)

Our estimates are averages made between similar titles that have come to market, while obviously, we are trying to put a new strategy of monetization:

Moderate goal: 3.5 million EUR over a period of 24 months

High target goal: 20 million EUR over a period of 24 months

Best scenario expected: 80 Million EUR over a period of 24 months

Project Budget

Development of the first game: 153.855 EUR

july 2019 - July 2020 (1 year): 153,855 EUR

Expenses: Human Capital (Team of 11 over one year and a half), office, QA, localization, PR and other running costs, including taxes.

Marketing costs for the first game: 756.000 EUR
      Soft-Launch marketing campaign: 100.000 EUR
      Game release marketing campaign: 656.000 EUR

Strategic partnerships & UA first campaigns.

Investment needs

The founding team has been starting and self-financing the development of the project since July 2018, in July 2019 we raised a pre-seed funding of 75 thousand euros. We are in the development of the game demo and the minimum viable product of the game economy and its functioning in the blockchain.

What we need and offer:

- First budget of the complete project: 900.000 EUR
- Investment needs: 550,000 EUR

We are in the second pre-seed round of 200 thousand euros, which will allow us to finish the minimum viable product with more security and we will be able to do a more adequate validation before launching the global launch. This which will unblock another 200 thousand euros of loan of co-investment of the Government of Canary Islands under the FEDER (European Fund of Regional Development). This money will cover the development of the first game and the complete commercialisation.

Roadmap

2018
      June: The first business plan is presented to the first Oxford Blockchain Programme with a high score.
      November: The founding members move to Tenerife to work on the concept and the MVP.
2019
      July: An internal MVP (game demo) for investors and partners is ready.
      July: The company Triple O Games is founded.
2020
      January: MVP completed
      February: Marketing campaign to start creating the community
      February: Strategic Alliances with the main channels of the distribution platform
      April: Launch soft-launch
      July: Full game Battle derby finished
      Post-launch: game updates with new contents and seasons

Location

We have chosen **Tenerife** in the **Canary Islands, Spain** as the workplace for several reasons: Tenerife offers a safe, stable and fully reliable economic framework. It has a differentiated tax system unique in Europe, which offers many possibilities to establish and consolidate our business.

Legal certainty - fully EU-authorized tax framework offering a wide array of investment incentives, having **the best taxation in Europe** as it is an ultra peripheric region:

1. Canary Islands Special Zone (ZEC): 4% Corporate tax for registered companies
2. 45% of deductions for investment on video games as Innovation Activities up to 75,6% if includes R&D activities (needs to be approved by the Spanish innovation administration, CDTI)
3. RIC (Investment Reserve) allows for up to 90% tax savings
4. 7% VAT
5. No withholding taxes
6. Free Trade Zone (ZFT): Exemptions on import and export duties

To put some example on the table, if a company makes **1 million euros of profit before taxes** in mainland Spain it would pay 250,000 euros as corporate tax (25%), 350,000 euros (35%) in Malta or 380,000 (38%) in France, while in The Canary Islands thanks to the ZEC, the RIC and the R&D deduction it would be **only 2200 euros (0.22%) in taxes**.

This is because ZEC allows you to pay 4% of taxes (40,000€), but additionally you can apply the R&D deduction to video games up to 45% (22,000€) and finally the company can apply RIC that allows the company to reinvest 90% of taxes in company assets (2,200€).

High credit facilities: With more than 200 sources and special funding like SODECAN, with pretty attractive ones like co-investment line for up to 500,000 euros.

Other advantages for attracting talent:

1. The best climate in the world
2. One of the highest citizen safety index in Europe
3. All pocket sizes cost of living (47 of the cost of living index)

4. High-speed internet with fiber coverage and Spanish record with up to 30 Gbps

5. A gateway to three continents thanks to a privileged location: as a leading tourist destination Tenerife has great flight connectivity through its two international airports operating to more than 170 cities

6. Outstanding nature

OUR FIRST GAME

A FAST-PACED ONLINE ARCADE EXPERIENCE

Battle Derby will take the arcade driving of Rocket League and the car combat of Mario Kart and put them into fast-paced 5-minute rounds of elimination style Battle Royale gameplay a la Fortnite & PlayerUnknown's Battlegrounds!

Battle Derby is being built as a complimentary game to be played alongside the most popular hits. With quick rounds and familiar gameplay, players have another outlet for their skills learned in Rocket League & Fortnite.

COMPETE IN TOURNAMENTS FOR CARS!

Battle Derby will tread new ground in competitive gaming, by giving players the chance to win exclusive and rare cars by playing its special Tournaments. Every Car has value in the marketplace, where you can buy, sell, exchange your car into currency. In every match, you can earn special coins that you can use to improve your car and have more market value. During the game the in-game coins will randomly spawn in the arena, players must race to pick up this prize

money and get car improvements and other advantages. It will be possible to bet in-game coins in tournaments. If hit or shot while playing, your collected coins will fly out of your car, creating an opportunity for others to pick them up.

PREMIUM CARS

The game will launch with a selection of limited quantity premium cars that will only be available for purchase. Each car will be on the blockchain as a unique token and can be resold in the player marketplace.

GENERATED CARS

Players who cannot afford a premium car have the option to buy a dirt-cheap randomly generated car from the 'parking-lot' or earn them by winning the tournaments.

Parking-lot cars are procedurally generated at a certain interval and can occasionally 'run-out' of stock…if they are out of stock players can go to the player marketplace to shop for player-posted cars.

UPGRADE YOUR CAR!

Players can obtain weapons & items scattered along the map (projectiles, speed boosts, double jumps, armors, energy supplies, etc), but using them cost coins to use; how much will you spend in order to hit or avoid being hit yourself?

Winners of matches can get premium cars and items and active players can still earn items such as replacement tires, repair kits, replacement paint kits, new unique paint patterns, etc.

TRADE IN THE AUCTION HOUSE!

There will be an auction house similar to the one that once was on Diablo III where collected and customized cars and items can be exchanged by money!

By rewarding in-game assets that can be sold in a user-marketplace, we are incentivizing the most active players and creating a player economy that will keep everyone invested.

A PERFECT MATCH

Not only will Battle Derby marry two of the gaming's biggest hits, but it will also be built with unique blockchain drove player economy to keep players hooked with car and item trading.

Race around the map to collect coins, hunt other players to steal their coins. Spend the coins to improve cars or generate new cars.

*Notice game design is work in progress and subject to change.

Game economy

How is the user flow when it comes to making money?

The level of interest in earning money through the system explained below will improve the conversion of free users to paid users. Players can improve the aesthetics of vehicles only through their skills in the game by increasing their market value.

1. The main revenue stream is **selling digital assets** that are elements of the game, in our case vehicles. As the game is completely free, each player will receive a free random car, which can then be improved aesthetically, this is possible because within the game we offer coins that are redeemable for improvements. It is important to know that these coins can only be obtained by playing, although they can be marketed later by the users themselves.

2. We allow the player before each game to see a **video advertisement** that increases the chances of getting these coins and other resources, so we can monetize and the player gets an improvement in terms of probability of improvement and marketing. Once the player has bought new vehicles or improved those he gets in the game can market them in a marketplace, being able to get an economic return for it. As developers we benefit from every sale and purchase and that every transaction has commissions when players buy cars, game items or resell them in the auction house.

3. We generate **new exclusive cars** that will generate direct sales, in turn, players can re-sell them.

4. **Tournaments:** Players can buy tickets for tournaments, a commission for each transaction goes to a prize fund that will be shared in a tournament season. Winners can also win exclusive and rare cars.

5. **Rewarding player retention and loyalty:** Finally part of the profit we earn as developers will go to a prize pool which will be distributed under a reputation system. The player can monetize his reputation under a system we are designing that involves skill (rankings, won games, stolen coins, etc), promotion (if the player helps to promote the game it increases his reputation), behavior (if a player has bad behaviors he can lose reputation), social score (the community can vote as if you were an influencer), reputation is also tied to the level of improvements the vehicle can get.

6. **Balancing the game economy:** We will put a limited number of coins in the game scattered on the map that players can collect. Players can steal other players' coins and

take care to protect their own. To balance the aversion to losing, there will be a secure coin collection area on the floor (parking spaces).

Financial Plan

Incomes:

To achieve the calculation of the four forms of revenue of our business model is necessary to know the average percentage of expenditure per user estimating total users of 3,000,000 and 100,000 peak active users (Calculations for first year of revenue).


Average Monthly Mobile Spend
[Jan 2017 - Jan 2018] [n=18,000]
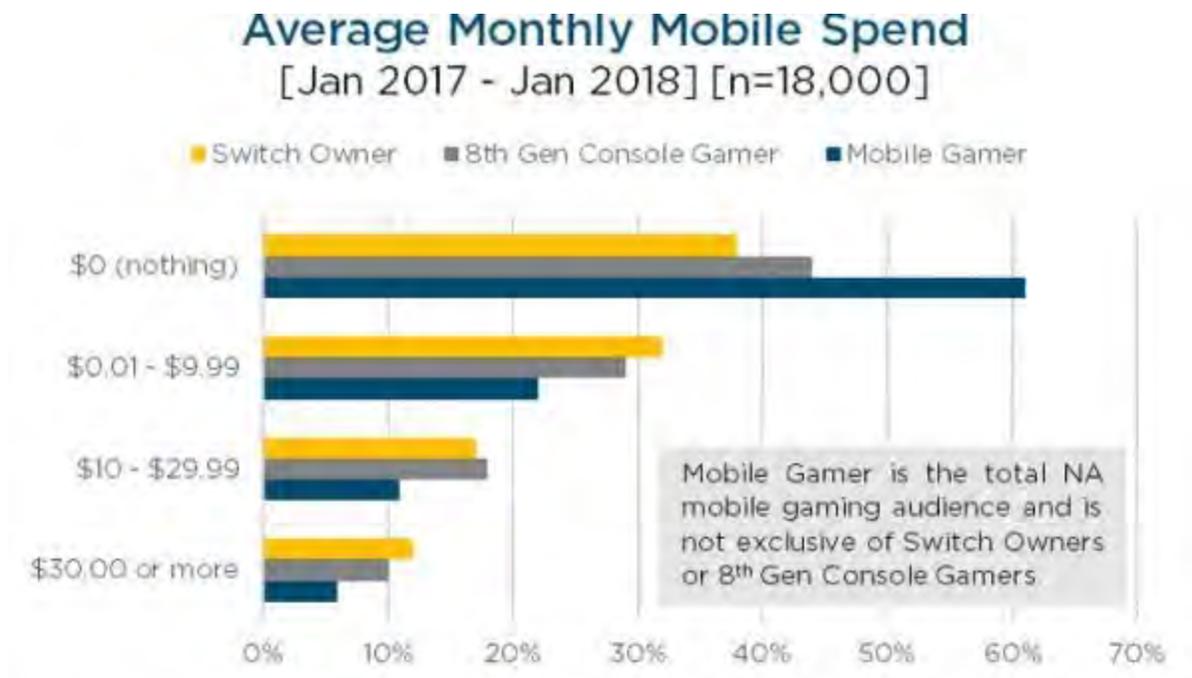
Source: **EEDAR** (Electronic Entertainment Design and Research) "The consumer habits of today's video game players".

Taking into account these data and the business model that raises battle derby we will start with the purchases in the app where, along with the ads, are the thickness of income. Several purchase options ranging from 2.29€ to 54.99€ will be offered. The average purchase prices will

be 3.89€, 16.49€ and 30€ with an effective demand for payment of 1,710,000 users (Tab: L12 & I16).The revenue if the company manages to operate at 100% would be 21.3 million euros (Tab: E6), of which 10% is estimated to be for tournament tickets or fan donations (2.1 million euros; Tab: E7)

On the other hand we would have advertising revenues where in most companies account for 50% of revenue. Our estimate and knowing the market thanks to the experience of the team, we will assume that it is 30% of the purchases of the app, so it would be a bulk of 6.4 million euros. (Tab: E8)

In order to understand another of our revenue streams, we need to know the average number of video game transactions between users. For this we have used a study by AnChain.AI which indicates that 75% of transactions in Dapps are made by bots so the rest (25%) are transactions caused by real users.
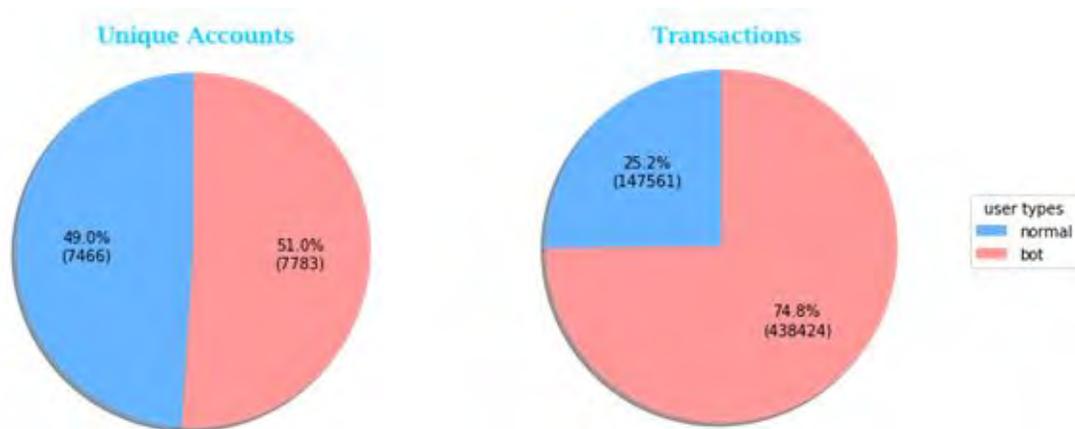
Also having access to the number of Dapps transactions in the market, we can conclude the average number of transactions that each user does per month (1.9) (%relación transacciones-usuarios). So it is estimated that the maximum number of active users is 100,000, valuing that the total number of players is 3,000,000. A month with a 5% fee per transaction the income is 2 million euros (Tab: E9)

In conclusion, the total gross income of the app is EUR 31.8 million.(Tab: E10)

Expenses:

As relevant expenses we are going to emphasize, above all that of the servers (approximately 1€ per active user) that has an amount of 100.000€/month and the fees that the apple store, play

store or steam store charge, that ascends to 742.550€/month the first year, although it depends on the volume of income since this is 30% of the income. In addition, the marketing expense, which according to some conversations that have been held with google, we know this expense (67,000 € / month). Finally, as a great expense, we contariamos with the one that produces the workforce that is 20,000 € / month. The total annual expenditure in the first year of life of the triple product or games amounts to 11.4 million euros.

To see the rest of expenses: Gastos triple o games