Massively Multiplayer online games, or MMOG’s, are gaining much attention and building revenue. But as in any new medium, there have been lessons learned. While some MMOG’s have done well initially, many have declined because the latitude of in-game play is too narrow. Some have further declined because subscription fees and other regulatory fees are too high or intrusive. And others have simply failed to provide the excitement and almost constant change that is so necessary. SEE Virtual Worlds, LLC (“SEE VW”) has addressed these concerns, and through a unique partnership with Mindark PE AB (“Mindark”), can now provide a better means for Hollywood titles to be utilized in secure and more effective ways.

Mindark’s ENTROPIA platform is already more advanced than most of the MMOG’s in the Virtual World environment, but with the implementation of the CryENGINE 2 in early 2009, ENTROPIA will take a massive leap forward. This new system will make the online visual experience as realistic and dramatic as watching a Hollywood blockbuster film – and it’s years ahead of the rest of the industry. But beyond these advantages, Mindark’s ENTROPIA platform also has two major elements that make it different from every other engine: a real cash economy and player-produced user enhancements.
Players are able to earn money as they play, with no subscription fees. Players can withdraw their profits in real dollars. Playing can even be a real occupation. For Jon “Neverdie” Jacobs, a gaming celebrity, it has become an extremely lucrative one. He has a virtual net worth well in excess of one million USD and a real gross profit of $250,000 annually. This unique economic element makes this engine especially successful in increasing player engagement. On average, it is estimated that players spend about 28% more time per visit here than on other well-known sites. And that’s more time spent “in-brand” – and it’s hugely cost effective.

With this engine and under basic guidelines, a player can be as much a builder/enhancer as the developer. Players themselves can build businesses, explore frontiers, discover new creatures, mine valuable resources and develop new territories. This means that the planets are constantly changing, with players shaping their own experience and simultaneously - everyone else’s. Combined with Mindark’s regular enhancements, ENTROPY has the distinction of being one of the most adaptive and dynamic environments in the MMORPG/Virtual World space - a key to long-term success. Six years from launch, the model continues to attract thousands of additional players each year - with no advertising.

Mindark’s ENTROPY platform is a wonderful hybrid of entertainment, social networking and entrepreneurship. It is the right platform for Hollywood’s best and brightest titles, and in collaboration with SEE WW, this new venture is destined for success.
Welcome to the world of online multiplayer games. While that's a fairly general title, there is no doubt that this rapidly expanding industry has much to offer, for both the players and for those that can attract them with new and innovative designs and business models. If you are new to the subject of online gaming, you probably think that it’s pretty much for kids or teenagers. Well, as it turns out, the demographic is much larger in the Virtual World arena than you might have thought. At a recent Virtual Worlds Expo, it was revealed that two of the largest age groups of potential users of Virtual World Technology were 35-45 and 45-55. That makes the full demographic spread, from age 7 to 55, one of the largest in all of entertainment.

Of all these new online gaming frontiers, perhaps the most innovative and successful model is that of Mindark, a company which over the last six years, has perfected the first Multiplayer Gaming platform and Virtual World environment based on a successful real cash economy.
Welcome to the Entropia Universe

In the gaming world, whether playing online or on your game console at home, there has always been a general split in types of players - a gross generalization of course, but nevertheless, gamers are generally lumped into one of two categories: action/adventure (Grand Theft Auto, World of Warcraft) or cognitive/puzzle-solving (Myst, Runescape). Both types of games are found in the online environment, but rarely do they meet in one gaming platform. Entropia is such a dual world where both the action player and the puzzle player have a full range of activities - sometimes merging and sometimes even relying on each other for greater success. That alone makes Entropia a good game - which the almost one million current players have proven. But beyond that, Entropia is also on the cutting-edge of gaming graphics. In the next few months Mindark will upgrade the current system with the top-rated CryENGINE 2, a photo-realistic-film quality rendering system that will bring Entropia more to life than ever before. What has attracted See VW to this venture are these and the many other innovative design elements already in place that, if utilized correctly, present a considerable opportunity to expand the Mindark model to include more traditional, real-world promotional tools, thereby increasing player participation and resulting revenue. See VW believes that Virtual Worlds are ripe for these applications to create viable and extremely profitable business opportunities that are, in essence, no different from those in the real world economy.

But perhaps we should start at the beginning. First, we need to understand how this Virtual World gaming platform works - and then, how we will augment the platform. For the purposes of this summary, we are going to keep it as simple as possible and follow one character through the process - examine the revenue streams and see who gets what and how each participant benefits.
Meet Frank

Our new player’s name is Frank. He has heard about Entropia through friends and other gamers. Intrigued, he logs on to the Entropia website and downloads the free software in order to run the game. After this, he logs on to the program from his home computer and registers, still with no charge. During this process he is asked to create his online personality, or “Avatar,” which will become his alter ego in this new online universe. He is given the opportunity to choose hair color, height, stature, to adjust eye size and to make an ever-expanding number of other alterations so Frank can feel that he has created a unique image that looks just like him - or not. Next, he (or rather his Avatar) is transported into the main city of one of the several continents on the Planet Calypso. Here he can go to the Visitor Center to gather some basic information on how to get started. At this point, through true gaming trial and error and the odd clue here and there, Frank discovers that he can collect some available things lying around on the outskirts of the city and also collect valuable elements from the many wild animals that seem to roam everywhere. No doubt he probably will die a few times in his early pursuits - but that’s not a problem because he is automatically resurrected to a nearby station if the worst should happen.
Frank gets Rich

After Frank has found a few things and collected elements from the wild creatures, he can then sell them. He can do this in one of three ways. He can sell an item to the main system “pool” for a predetermined cash value (an item’s base value), he can privately trade/sell the item to another player directly or he can check the stock market-like system and sell it through the game-wide auction instead. If the market is up on that particular item, he can find the auction to be a much better option. Some rare items sell there at a mark-up of over 800,000%. So, after selling a few things, Frank has some money, ENTRopia’s currency, the ped, is tied to the U.S. Dollar at a rate of $1=10 ped.

Let’s say that Frank has now sold his goods and has earned about 10 ped, or $1.00. With this, he now can buy a gun if he is a shooter type (as little as 10 ped will buy you a gun and ammunition; the best starter weapon is a 3.8 ped, or 38 cents, or some mining equipment if he’s a little more cerebral and likes maps and puzzle-solving. Of course, a player can choose any of the over twenty professions available or even practice multiple professions at the same time. But again, let’s keep it simple. So Frank decides he likes shooting things and becomes a shooter, or in this case a “Hunter”. With his PED, he buys a pistol at the auction, leaving a bit left over for ammunition. The money he paid for the pistol goes to the player that placed the item at auction - in the same way that Frank made his money from the things he sold earlier.

Frank Draws Blood

While exploring the wilds of ENTROPA, Frank discovers that when he kills a creature, it is sometimes carrying valuable items, or “Loot”, with hundreds of variations from valuable armor to weapons to animal oils and parts. Some Loot can be worth thousands of PED. Frank might decide to use some himself, like pieces of armor and weapons, but the rest he will sell. Eventually, over time, Frank begins to upgrade his weapons and other tools so he can hunt ever bigger and meaner creatures - which in turn have greater amounts of Loot value. Hunting has then become Frank’s online profession - and his success or failure in that profession is dictated by the same forces that exist in the real world. If he plays often and works at it, his skills increase and he is able to win more valuable Loot by killing ever-bigger creatures and profit more. He will be as successful as he dedicates himself to be – just like in the real world. Except in ENTROPA, he will never really have to deal with the inevitability of death, taxes or taking out the garbage.
Frank Becomes a Capitalist

Of course, Frank can be like most of us and do things the easy way. As there is no hefty registration or monthly subscription fee to play in the ENTROPIA Universe (in contrast with many other MMORPG's, some of which can charge as much as $60 a month), Frank may decide to forego months of collecting loot and just buy himself the tools he needs to start making bigger money right away. And he can. The ENTROPIA high-security system allows you to register your credit card, bank account or source online financial companies to get instant access to real world funds if you want them. And it is not unusual for new players to deposit over $50 within their first few hours in ENTROPIA. There is a lot of money changing hands in this Virtual World, almost $450,000,000 just last year alone, and some current players have six-figure real dollar accounts. This is real cash moving backwards and forwards among the players - estimated in the tens of millions every month - not unlike a real-world economy. Money can flow out as well. If Frank does make money in this universe, he can transfer it from his ENTROPIA account right back out to his real-world account just as fast as he withdrew it - with only a nominal service fee.

What Frank Gives Us

So Frank is a successful Hunter. What does that mean to us? Well it turns out that Frank cannot do everything alone or just by buying and trading with other players. There are several revenue streams for the developer/partners in the ENTROPIA model, including fairly straightforward banking fees and auction fees. But one of the most pivotal is the "repair" fee. For every few hours that Frank is out there in the virtual World hunting creatures and collecting loot, his tools and equipment begin to get worn, even break. To keep everything in top shape, it all needs to be "repaired". The player-favorability of this form of fee is that it is conceptually a voluntary one - although what self-respecting player would let their hard-earned equipment waste away?

By positioning this fee as part of the "game", it has proven to be a part of playing rather than looked upon as a true "fee". All or most of the revenue streams have this type of approach in their design and function. This has led to players not feeling "nickel and dimed" to death as with many other online games - and of course there is no subscription fee either. So while these different fees are substantial in the aggregate, they are all "player-friendly", and some small amounts add up. On a typical mission, for example, Frank's Gun, his Laser Sight and his Armor all take a beating to the tune of about 25 PED - or about $2.50 in "repairs". He makes about one trip out a day, so he's one of the current 6,000 daily players: for the rest of the players it's about once every few weeks. For all the daily players collectively, these "repairs" come to about $15,000 - $30,000 a day and these funds go directly to the developer and its partners. It's not hard to do the math. If only about half of the current registered users (about 500,000) do this - or other similar activities elsewhere in this model - just once every four weeks, it comes to about $1,250,000 a month or $15,000,000 a year. And this is only one of the revenue streams in play.

Another revenue stream can be derived from merchandising. In the Virtual World, there are as many opportunities for merchandising as there would be for any real-world enterprise. In fact, it could be said that in some cases there are more. Imagine if you could access a gallery in the Virtual World you visit. There you could purchase a virtual Painting or other art to adorn your Virtual Apartment. But at the same time, you could also buy the real thing - shipped to your real-world address. This is happening almost every day in the ENTROPIA Universe. It's true. Even the Virtual World T-Shirts that Avatars buy are coveted because they are rare and image-making, and real T-shirts are sold the same way. Anything can be marketed here - from tickets for private screenings, to themed objects and clothing. Called "Micro-Transactions", they are used widely in the Virtual World marketplace. But in ENTROPIA Universe, Micro-Transactions have been taken one step further, so that it is possible to combine both virtual and real-world merchandising. Recently a virtual painting sold for tens of thousands of dollars - and the owner was happy to have the virtual art on his apartment wall on the Planet Calypso - and the original art piece in his apartment in New York City.

Themed Worlds will create a myriad of such opportunities and any merchandise for any film or television program will be ripe for both real and virtual sales. The further advantage to Virtual World Merchandising is that it leverages those assets in this reality, it will wear with use - providing more repair costs - an additional revenue stream to the Studios and developers. The possibilities are therefore, truly endless.
Frank Has Friends

Membership has steadily increased 20% per year, with no advertising and no real marquee draw. Up until now, this increase in players has occurred because of the base premium quality of the game and the positive word-of-mouth it has continued to enjoy for almost seven years - and that's great. But what if there were a new planet you could visit in the ENTRopia Universe - a themed world inspired by and crafted from a major feature or television franchise? How many more players would there be then? The cross-promotion of major entertainment titles and such an online virtual experience is a perfect natural fit, and one we can exploit. We feel that there is no limit to the expansion of this Mindark/SEE vW concept. Our belief is that the primary and necessary perspective taken of the Virtual World Gaming Platform should be that it is a considerable opportunity, but only if it is correctly treated as a respected platform for brand utilization, product-based promotion and advertising - just like we do in the real world. There is no longer any reason to think of a Virtual World any differently than the real one - just perhaps that it is less developed.

The advantages to the entertainment industry are also great. Creating these virtual experiences is an excellent way for Studios to maintain a viable and profitable connection with their core audiences, to pave the way to greater and expanded brand recognition with brand enhancement and to promote the future success of the brand in all environments - real or virtual. For the investor, this is an opportunity to partner with some of the most respected companies in the entertainment and virtual gaming arena for maximum profit, continuing revenue and unlimited expansion potential.

Good Luck Frank

So as we leave Frank, take a moment to remember the key gaming aspects that make ENTRopia a unique and exciting platform for this venture. For if there is one truth in this market, it is that the gaming experience is what determines success or failure. In ENTRopia, players are paramount. As our player Frank experienced, even if he didn't make a million, he had the chance and the potential - limited only by his own will, desire and insight - to actually earn money while playing a game. This is revolutionary. There are actually ENTRopia players that have paid off their parents' mortgage, and even started in-world virtual Banks that today make loans with interest to other players so they can buy more items they need. As a result, playing ENTRopia for some entrepreneurs is now no longer just a good game, but is also a real-world career. and that makes the ENTRopia experience entirely unique - and being unique is what makes a game successful in this growing but underutilized market-place.

For our part, we have the Mindark engine on which we can create our new worlds - a leap worth tens of millions of dollars - the usual cost of just launching a new game engine. It is a fully vetted and tested player platform on which to develop these Virtual Worlds of our own design with a built-in million or so registered users and plenty of great reputation. SEE's team is considerable as you will see, in that it combines a hundred years of entertainment experience with partners that are on the cutting-edge of the emerging business of Virtual Worlds. And to be sure, SEE knows Hollywood - and how to show off even the largest "name" film or Franchise to its best advantage and adapt it seamlessly into this new application.

For the public, a film is entertainment, television is entertainment and a game is entertainment. But now, instead of just the superhero's face on the game box and some neatly locked scenery design, our players can actually (or virtually) live within the hero's world - AND perhaps even profit from it. And we'll all profit with them. It's going to be fun. Say "Hi" to Frank if you see him.
**The Universe is Expanding!**

SEE Virtual Worlds™ has over twenty major Hollywood titles in the pipeline for Production. At the time of writing, the company has already completed long-term licenses and begun development/production on two of the most innovative themed environments ever to enter cyberspace.

**Planet Michael™**

A new World inspired by Michael Jackson, dedicated to, and championing the causes closest to his heart and celebrating his work as a visionary Artist and Entertainer. Planet Michael will offer a dynamic 3D virtual environment that will enable players to promote, preserve, and expand Michael Jackson’s legacy through gaming, entertainment, fundraising, and social networking. On Planet Michael, players can learn to dance like the master himself and heal his virtual world all while contributing to the real-life activities of the Michael Jackson Foundation. Everything Michael dreamed of is here, from his iconic music to his unique look and moves. Planet Michael will bring together his millions of fans from around the world enabling them to connect, engage and interact within a truly unique social media platform. Under exclusive license from the Estate of Michael Jackson, this addition to the SEE Virtual World universe promises to be a major spectacle and bring excitement to millions.

**Universal Monsters™**

Dracula, Frankenstein, The Wolfman, The Mummy, and all the other classic monsters from Universal Pictures are about to become part of an exciting new 3D virtual world. This very special planet will soon be part of the SEE Virtual Worlds universe through an exclusive contract with Universal Studios. With an updated and exciting Van Helsing overlay, players will become the newest colonists on a world dominated by these incredible creatures and beings of lore and legend. Here they will learn to survive and even prosper with specialized, themed equipment and game play befitting this cutting edge 3D experience. Old and new legends will seamlessly fit together as hyped-up crossbows find equal footing with the tried and true wooden stake. Universal Monsters is a truly exhilarating addition to the SEE Virtual World universe and holds endless opportunities for profitable ventures, social networking and cutting edge game play. Halloween will never be the same!

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* SEE Virtual Worlds, LLC and SEE Virtual Worlds MJ, LLC respectively
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ENTROPIA Universe was developed by Mindark PE AB and launched in January 2003. Since then, it has grown to more than 780,000 registered accounts from over 200 countries. Its business model is unique, in that client software is free to download from the Internet and there are no monthly subscription fees. And as the only virtual universe with a real cash economy and currency, ENTROPIA Universe provides a means for new players to immediately start exploring and earning real cash without having to deposit money. Funds acquired in ENTROPIA Universe can easily be withdrawn into real-world cash. The real cash economy business model has been very successful; Mindark PE AB has been profitable since 2004. In 2007, the amount of real cash that changed hands between players was over $400,000,000 U.S. Dollars.

For more information, visit http://www.entropia-universe.com. ENTROPIA Universe is a registered trademark of Mindark PE AB, which continually supports and monitors, services and maintains the ENTROPIA Universe platform. Additional information about Mindark PE AB, developer of the ENTROPIA Universe, is available at http://www.Mindark.com.