

VIRTUAL MONEY IN VIRTUAL WORLDS

ALL WORK AND NO PLAY?

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DIGITAL MONEY FORUM

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INTRODUCTION

- OK, SO I'M NOT A BANKER, MARKETER OR
ETAILED
 - I'M A **COMPUTER GAMES** DESIGNER
 - I GUESS YOU COULD SAY I'M AN **ACADEMIC**, TOO...
- MY SPECIALIST FIELD IS **VIRTUAL WORLDS**
 - DON'T WORRY, AN EXPLANATION FOLLOWS SHORTLY!
- RIGHT NOW, VIRTUAL WORLDS ARE IN
CONFLICT OVER **COMMUNICATION**
 - PEOPLE ARE BUYING **NON-EXISTENT** STUFF
FROM OTHER PEOPLE WHO **DON'T OWN** IT
 - OTHER PLAYERS **DISLIKE** THIS...

DEFINITION

- VIRTUAL WORLDS ARE ONLINE COMPUTER GAMES
 - **MMORPGS** – MASSIVELY MULTIPLAYER ONLINE ROLE-PLAYING GAMES
- NOTE: ONLINE GAMES ARE **NOT** ONLINE GAMING
 - I'M NOT TALKING ABOUT **GAMBLING** HERE
- THEY SUPPORT **LARGE** NUMBERS OF PLAYERS **SIMULTANEOUSLY**
- THE PLAYERS USE **CLIENT** SOFTWARE TO CONTACT **SERVERS** OPERATED BY THE GAME'S **DEVELOPER**

HISTORY

- VIRTUAL WORLDS BEGAN WITH **MUD1** IN 1978

Narrow road between lands.

You are stood on a narrow road between The Land and whence you came. To the north and south are the small foothills of a pair of majestic mountains, with a large wall running round. To the west the road continues, where in the distance you can see a thatched cottage opposite an ancient cemetery. The way out is to the east, where a shroud of mist covers the secret pass by which you entered The Land. It is raining.

*w

Narrow road.

You are on a narrow east-west road with a forest to the north and Gorse scrub to the south. It is raining. A splendid necklace lies on the ground.

*

- TEXT-BASED, UP TO **36** PLAYERS SIMULTANEOUSLY
- CREATED BY TWO STUDENTS AT ESSEX UNIVERSITY
 - ROY TRUBSHAW AND RICHARD BARTLE (THAT'S ME)

ASCII GRAPHICS

- GAMES SOON APPEARED WITH primitive GRAPHICS

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[ ][ ][ ][ ]- -[ ] orc sword shield chain
[ ] A      S [ ] A Jennie.c
/ >  ++++ [ ] A 2 skeletons
[ ]      ++++ [ ] B trolls
[ ] B      dn [ ]
[ ][ ][ ][ ][ ][ ][ ]

Swing hits with moderate damage
Skeleton is slain
Orc is blocked by your armour
Troll: kia ardata luuppatar ne

>throw bottle at troll
R mace Hits Hits On Stamina Exper. M. Pnts.
L bottle 35 5 10 6523 9
```

- *ISLAND OF KESMAI, 1981*

2D GRAPHICS

- 2D GRAPHICAL GAMES SHOWED UP IN THE EARLY 1990S



- *KINGDOM OF DRAKKAR, 1992*
- BUT IN 1994 (IMMEDIATELY PRE-WWW), **10% OF ALL** INTERNET TRAFFIC BELONGED TO **TEXT MUDS**

ULTIMA ONLINE

- THINGS CHANGED WITH *ULTIMA ONLINE*, 1997



STATS

- PEOPLE PAY A MONTHLY FEE TO PLAY *ULTIMA ONLINE*
 - \$12.99 A MONTH AT THE MOMENT
- IT GARNERED **100,000** SUBSCRIBERS WITHIN A YEAR
- NOW, **8 YEARS LATER**, IT HAS SOMETHING LIKE **170,000** SUBSCRIBERS
 - AFTER PEAKING AT 250,000 IN 2003
- IT **STILL** TAKES OVER **\$2,000,000** A MONTH
 - AND IT'S BEEN RUNNING FOR NEARLY **100 MONTHS!**
- **UO** MADE REGULAR COMPUTER GAMERS **NOTICE** VIRTUAL WORLDS
 - AND REGULAR COMPUTER GAME **DEVELOPERS...**

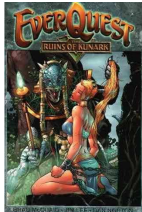
EVERQUEST

- *ULTIMA ONLINE RULED UNTIL EVERQUEST, SPRING 1999*



STATS

- *EVERQUEST HAS AROUND 420,000 SUBSCRIBERS*
– THAT'S MORE PEOPLE THAN **ICELAND!**
- *OVER \$5,000,000 A MONTH IN SUBSCRIPTIONS*
- SUPPORTS **ACTION FIGURES AND COMICS**



- *NEW RELEASES ARE CHALLENGING ITS CROWN*
– *WOW 350K, SW:G 275K, EQ2 310K, DAOC 250K, ...*

BUT ELSEWHERE...

- *EQ* IS JUST A PIPSQUEAK COMPARED TO **LINEAGE**



- **LINEAGE** (1997) HAS OVER **2 MILLION** PLAYERS

STATS

- **LINEAGE** AND **LINEAGE 2** HAVE A **COMBINED** POPULATION GREATER THAN THAT OF **EIRE**
 - 2.1 MILLION **EACH**
- **50%** OF THE POPULATION OF SOUTH KOREA HAVE TRIED **LINEAGE** AT LEAST **ONCE**
 - POPULATION OF S. KOREA IS ~48 MILLION
- OTHER **>1 MILLION** FAR EASTERN VIRTUAL WORLDS:
 - **LEGEND OF MIR**
 - **FINAL FANTASY XI**
 - **MU ONLINE**
 - **RAGNAROK ONLINE**
 - **KINGDOM OF THE WINDS**

RULES

- GAMES, LIKE LEGAL SYSTEMS, OPERATE USING **RULES**
- WHILE **EVERYONE** OBEYS THE RULES, THE GAME WORKS
 - TECHNICAL TERM IS "**MAGIC CIRCLE**"
- WHEN YOU **BREAK** THE RULES, THAT'S **CHEATING**
- BUT WHO HAS THE AUTHORITY TO **MAKE** THE RULES?
 - REAL LIFE: "WE, THE PEOPLE"
 - GAMES: "WE, THE PLAYERS"
- GAMES PLAYERS OBEY RULES FOR THE **SAME** REASON CITIZENS DO - BECAUSE THEY **SET** THE RULES
 - ONLY THEY **DON'T** HAVE AN **ARMY** TO ENFORCE THEM

PROPERTY

- WHERE DOES COMMERCE COME IN HERE?
- WELL, CHARACTERS IN VIRTUAL WORLDS **OWN** THINGS WITHIN THE **CONTEXT** OF THE VIRTUAL WORLD
 - SWORDS, HOUSES, **MAGIC WANDS**, ...
- DO THE **PLAYERS** OWN THESE THINGS?
- DO THE PLAYERS EVEN OWN THE **CHARACTERS**?
- AT THE TIME OF WRITING, THERE'S A CHARACTER FROM *STAR WARS: GALAXIES* FOR SALE ON EBAY FOR **\$2,000**
 - THIS IS ACTUALLY ABOUT \$500 MORE THAN THE GOING RATE

WIDESPREAD

- **ALSO ON EBAY:**
 - *GEMSTONE IV* LEVEL 96 RANGER **\$911**
 - *WORLD OF WARCRAFT* LEVEL 60 ROGUE **\$899**
 - *DARK AGE OF CAMELOT* LEVEL 50 CLERIC **\$800**
 - *ANARCHY ONLINE* 220 FIXER **\$540**
 - AND **HUNDREDS** MORE
- IN-GAME **CURRENCY** ALSO FOR SALE
 - *EVE ONLINE* 3 BILLION ISK **\$800**
 - *SHADOWBANE* 100 MILLION GOLD **\$700**
- THOSE ARE **CURRENT** BIDS - THEY'LL ACTUALLY **SELL** FOR **MORE**

OTHER SALES

- THINK ABOUT THIS A MOMENT: PEOPLE ARE PAYING **REAL** MONEY TO BUY **IMAGINARY** MONEY
- ALSO IMAGINARY **PROPERTY**:
 - *MU ONLINE* THE 2 BEST EXCELLENT RINGS **\$450**
 - *ANARCHY ONLINE* ROBUST BACKPACK **\$172.50**
 - *ULTIMA ONLINE* HAT OF THE MAGI **\$164.99**
- AND IMAGINARY **REAL ESTATE**:
 - *ULTIMA ONLINE* VENDOR PROPERTY NEXT TO BANK **\$450**
- IN **DECEMBER** AN ISLAND FOR SALE IN *PROJECT ENTROPIA* SOLD FOR **\$26,500**
 - THAT'S **\$26,500**

ANALYSIS

- EBAY IS **NOT** THE MAIN MARKETPLACE
- **IGE** HAS **100** PEOPLE IN CUSTOMER SERVICE ALONE
- **ITEMBAY** MAKES MORE MONEY IN **COMMISSIONS** THAN ALL THE VIRTUAL WORLDS IT SERVICES DO IN **SUBSCRIPTIONS** – COMBINED!
- IF YOU ADD UP ALL THE WEALTH CREATED BY ALL VIRTUAL WORLDS TOGETHER, THEY MAKE FOR A COMBINED **GDP** GREATER THAN THAT OF **NAMIBIA**
 - THEY'LL OVERTAKE **JAMAICA** SOMETIME THIS YEAR
- *GDP PER CAPITA* IS ON A PAR WITH THAT OF **RUSSIA**

BUT

- THE THING IS, MOST VIRTUAL WORLDS **BAN** VIRTUAL OBJECT SALES
- MAIN REASON: IT'S **CHEATING**
- SUPPOSE 4 OF US ARE PLAYING **MONOPOLY**
 - THE TOP HAT OFFERS **MAYFAIR** FOR SALE
 - I OFFER **£1,000** FOR IT
 - YOU OFFER **£100** FOR IT, PLUS **£5** IN **REAL** MONEY
 - THE TOP HAT ACCEPTS **YOUR** OFFER
- THE SCOTTIE DOG AND I ARE GOING TO BE **VERY** UNHAPPY
 - ESPECIALLY IF IT'S **HIS** SET!

EXCUSES

- “**I** WANT TO TRADE, **YOU** WANT TO TRADE, WE **BOTH** GAIN. WHAT’S NOT TO LOVE?”
- IT RUINS THE GAME FOR THE **90%** OF PLAYERS WHO **DON’T** TRADE IN VIRTUAL GOODS, **THAT’S** WHAT!
 - IT BREAKS THE **MAGIC CIRCLE**
- IF LETTING PEOPLE HAVE WHAT THEY WANT WERE **HARMLESS**, DEVELOPERS WOULD DO IT FOR **FREE**
 - YOU WANT A KICK-ASS SWORD? HERE, HAVE **10!**

BUT

- THIS IS WHY DEVELOPERS **BAN** THE SALE OF OBJECTS/CURRENCY/CHARACTERS/ACCOUNTS
 - EVEN THOUGH THESE OCCUR **OUTSIDE** THE GAME
 - IN-GAME TRADE USING **GAME** CURRENCY IS **FINE**
- BUT IS SUCH A BAN **LEGAL?**
 - EVERY PLAYER SIGNED AN **EULA** ACCEPTING THE BAN
 - THE PLAYERS **DON’T OWN** WHAT THEY’RE SELLING ANYWAY
- OR **DO** THEY?

COMMODIFICATION

- AS FAR AS SOME PEOPLE ARE CONCERNED, IF IT **LOOKS** LIKE A DUCK, **WALKS** LIKE A DUCK AND **QUACKS** LIKE A DUCK, IT'S A **DUCK**
- VIRTUAL GOODS **LOOK** LIKE REAL GOODS, ARE **TRADED** LIKE REAL GOODS, SO A JUDGE MIGHT DECIDE **REAL** PROPERTY LAWS SHOULD APPLY
 - AND REAL **TAX** LAWS?
- "THERE WASN'T A LEVEL 50 BATTLEMAGE IN THE BOX WHEN I BOUGHT IT. I MADE IT, SO IT'S **MINE**"
- UNFORTUNATELY, IF THIS WERE **TRUE** THEN VIRTUAL WORLDS WOULD **DIE**

IMPLICATIONS

- IF I BOUGHT A UNIQUE MAGIC SWORD FOR \$1,000 AND THE NEXT DAY THE DEVELOPER CREATED 20,000 **IDENTICAL** SWORDS, COULD I **SUE**?
- IF I HAVE **INVENTORY** I COULD SELL FOR \$250,000 AND THE DEVELOPER ANNOUNCES THEY'RE GOING TO **CLOSE** THE GAME, CAN I FORCE THEM TO **STOP**?
 - ON MARCH 15TH 2004, EBAY USER SHAKTI_122 PAID **\$3,000** FOR AN ACCOUNT ON **EARTH AND BEYOND**
 - ON MARCH 16TH 2004, ELECTRONIC ARTS ANNOUNCED THEY WERE **CLOSING** *EARTH & BEYOND*
 - EA **ALSO** ANNOUNCED THEY WOULD **NOT** BE LICENSING THE SOFTWARE TO **ANYONE**

WHY WOULD THIS BE BAD?

- IF PLAYERS COULD SUE UPON LOSING SOME OF THEIR INVESTMENT, VIRTUAL WORLDS COULD NEVER **EVOLVE**
 - **EVERY** CHANGE AFFECTS SOMEONE ADVERSELY
 - "NERFING"
- WOULD **ROB** DESIGNERS OF ARTISTIC FREEDOM
 - J. K. ROWLING COULD **LEGALLY** DISTRESS **MILLIONS** BY KILLING OFF MISERABLE WHINER **HARRY POTTER**
 - WHY CAN'T VIRTUAL WORLD DESIGNERS UPSET A **FEW** PLAYERS WHO BUILT THEIR VIRTUAL HOUSES ON THE SLOPES OF A **VOLCANO**?
- WOULD BE **IMPOSSIBLE** TO DEVELOP A GAME WITH A THEME SUCH AS "ESCAPE FROM COLDITZ"

IT GETS WORSE

- SOME PLAYERS WHO "FARM" GOLD OR OBJECTS CAN **TIE UP** THE MARKET
 - IF YOU WANT SOMETHING, THE **ONLY** WAY TO GET IT IS FROM ANOTHER PLAYER WHO HAS A PROGRAM RUNNING THE **WHOLE TIME** GETTING IT AUTOMATICALLY
- PLAYERS WANT THESE PEOPLE **BANNED**
 - CHINESE ADENA FARMERS IN *LINEAGE 2*
- YET *DARK AGE OF CAMELOT* WAS **SUED** FOR BANNING ACCOUNTS RUN BY **BLACK SNOW**
 - A COMPANY RUNNING A GOLD FARM OUT OF **TIJUANA**
 - NEVER WENT TO COURT
 - BLACK SNOW **DIDN'T PAY THEIR LAWYERS...**

COTTAGE INDUSTRY

- FOR SALE RECENTLY ON EBAY: ONE *UO* GOLD FARM!



LOATHED AND DESPISED

- MANY PLAYERS **LOATHE** AND **DESPISE** COMPANIES SUCH AS IGE
 - THEY REGARD THEM AS "LEECHES", "PARASITES", "THIEVES" ETC.
- IGE HIRED THE WELL-RESPECTED **THEMIS GROUP** TO IMPROVE THEIR PR THROUGH MARKETING
 - THEMIS PULLED OUT AFTER 3 MONTHS AMID RUMOURS THAT ASSOCIATION WITH IGE WAS HARMING ITS **OWN** REPUTATION
- YET IGE IS ONE OF THE MORE **RESPECTABLE** COMMODIFIERS
 - OTHERS **ROUTINELY** RUIN FREELANCERS BY BUYING STUFF FROM THEM THEN **CANCELLING** THE PAYPAL PAYMENT

AND YET...

- A **FEW** VIRTUAL WORLD DEVELOPERS **EMBRACE** COMMODIFICATION
- *SECOND LIFE* IS AT THE **FOREFRONT** HERE
 - BUT IT'S NOT A **GAME**
- *ACHAEA* SELLS OVER **1.5 MILLION** ITEMS A YEAR TO ITS OWN PLAYERS
 - AND IT'S A **TEXT** GAME!
 - IT DOESN'T LET THEM TRADE BETWEEN ONE ANOTHER, THOUGH
- *ULTIMA ONLINE* WILL **FAST-TRACK** CHARACTERS THROUGH THE FIRST 25 LEVELS FOR A **FEE**
 - AND *EQ* MAKES MILLIONS FROM CHARACTER TRANSFER FEES

RIGHTS OF THE AVATAR I

- RAPH KOSTER'S **THOUGHT EXPERIMENT**:
 - WHAT IF AVATARS (CHARACTERS) HAD **RIGHTS**?
- REDRAFTED U.S. **BILL OF RIGHTS** AND FRANCE'S **DECLARATION OF THE RIGHTS OF MAN** IN TERMS OF **AVATARS**
 - WWW.LEGENDMUD.ORG/RAPH/PLAYERRIGHTS.HTML
- ACTUALLY, AVATARS HAVE **NO** RIGHTS
 - KOSTER WAS USING THE THOUGHT EXPERIMENT TO SEE WHAT RIGHTS **PLAYERS** HAD
 - THIS IS THEREFORE AN OFT-MISUNDERSTOOD PAPER!

RIGHTS OF THE AVATAR 2

- THE ORIGINAL DRAFT OF THE PAPER **WENT DOWN LIKE A LEAD ZEPPELIN**
- KOSTER **REWROTE** IT AS "ADVICE TO ADMINS"
 - SOMEONE'S FINGER IS ON THE **POWER** BUTTON
 - WHAT THIS SOMEONE SAYS **GOES**
 - IF THIS SOMEONE DOESN'T PROVIDE A CODE OF CONDUCT, THEIR PLAYERS DESERVE **ALL THEY GET**
 - PLAYERS SHOULD BE **CONSULTED** OVER CHANGES TO THE CODE OF CONDUCT, BUT CAN BE **IGNORED**
 - CODES OF CONDUCT SHOULD BE **FAIR** AND SHOULD BE APPLIED **FAIRLY**

RIGHTS OF THE AVATAR 3

- SO WHAT DOES THIS MEAN IN TERMS OF ACTUAL **RIGHTS** OF PLAYERS?
 - PLAYERS HAVE RIGHTS IN THE **REAL** WORLD, OF WHICH THE VW IS A PART
 - IN CONSIDERING RIGHTS, VWS SHOULD **ONLY** BE THOUGHT OF IN TERMS OF BEING PART OF THE REAL WORLD (SO IN-GAME STEALING ETC. CAN BE OK)
 - DEVELOPERS CAN **TAKE THEIR BALL HOME** IF THEY LIKE
 - PLAYERS DON'T **HAVE** TO PLAY BALL IF THEY **DON'T WANT TO**

FREEDOM OF SPEECH

- PLAYER RIGHTS CAN THUS BE SUMMARISED AS "IF YOU DON'T LIKE IT, **LEAVE**"
- BUT WHAT IF THEY **CAN'T** LEAVE?
 - "HEY, **YOU** ADDICTED ME, YOU HAVE TO ACCEPT YOUR **RESPONSIBILITIES**"
 - ALSO, WHAT ABOUT YOUR **SOCIAL CAPITAL**?
- WELL **TOUGH LUCK!** FREEDOM OF SPEECH LAWS **PROTECT** DEVELOPERS HERE
 - BUT ONLY IN COUNTRIES THAT **HAVE** THEM
- AND WHAT ABOUT **REAL-WORLD** HARM?
 - "A RAPE IN CYBERSPACE"

ELSEWHERE I

- THERE'S **NO** CASE LAW IN THE EU OR USA YET
- THERE **IS** SOME IN **CHINA** AND **KOREA**
 - ONE GUY **SUCCESSFULLY** SUED TO GET HIS STUFF BACK AFTER HIS ACCOUNT WAS **HACKED**
 - £780 IN COMPENSATION PLUS £780 FOR MENTAL **ANGUISH**
 - A JAPANESE WOMAN **DELETED** HER EX-BOYFRIEND'S CHARACTER
 - NOW IN COURT ON LAWS DESIGNED TO COMBAT **HACKING**
 - "I DID IT AS REVENGE FOR BREAKING UP WITH ME"

ELSEWHERE 2

- OTHER **NEAR** LAW SUITS
 - **CUSTODY** BATTLES FOR VIRTUAL PROPERTY
 - GUILDS **RIPPING OFF** THEIR MEMBERS
 - CUSTOMER SERVICE REPS SELLING STUFF THEY HAD THE POWERS TO CREATE FROM **THIN AIR**
 - PARENTS INSISTING THAT THE CHARACTER THEY BOUGHT FOR THEIR **SON'S BIRTHDAY** BE RESURRECTED AFTER HE GOT IT **KILLED** WITHIN 10 MINUTES OF STARTING TO **PLAY** USING IT

SUMMARY

- THERE IS A **VIBRANT** TRADE IN VIRTUAL OBJECTS
 - IGE ESTIMATES \$880 WORLDWIDE,
- MOST PLAYERS ARE **AGAINST** THIS TRADE
 - BECAUSE IT SPOILS THEIR FUN
- MOST **DEVELOPERS** ARE AGAINST IT TOO
 - AND **NOT** JUST BECAUSE THEIR PLAYERS ARE
- THERE'S NO PROBLEM IF DEVELOPERS **WANT** TO EMBRACE COMMODIFICATION
- THE PROBLEM IS WHEN THEY **DON'T** WANT IT BUT **GET IT ANYWAY**
- AS ALWAYS, IT'S A **GOOD** TIME TO BE A **LAWYER...**