ICO Competition 1

Gaming White Paper

SwissBorg

Executive Summary

SwissBorg is a wealth management platform powered by blockchain technology and philosophy , run by a decentralized team of tech and finance experts, based in Switzerland, Japan, UK and Canada. The fintech aims to bridge the off-chain world with the on-chain world by providing holistic financial services for the cryptocurrency community and beyond. Through the creation of a transparent, decentralized and meritocratic ecosystem, SwissBorg seeks to make wealth management available to everyone and help individuals regain control of their wealth.

As part of our efforts to create a DAO governed by meritocracy, SwissBorg holds Referendums asking for the opinion of the community of CHSB token holders. The last one, Ref 2 asked the community what sector on the blockchain SwissBorg should first host on its ICO platform, and gaming was the winner.

In many ways, gaming and the blockchain are a perfect fit. They attract the same demographic and dwell in the same virtual realm. This white paper outlines a model of how the adoption of blockchain can redefine the gaming industry and solve some of the problems it faces, such as the opaque and arbitrary revenue sharing model, lack of true virtual goods ownership, cheating/fraudulent activities, high costs and centralisation and the high barrier of entry of the industry. Blockchain technology offers the gaming industry a fair, secure, scalable and responsive solution that can be implemented both on the small and the large scale. With the advent of blockchain technology, the gaming industry will certainly receive a completely new impetus for development.

The white paper also examines several promising and notable projects on the blockchain within the gaming industry such as Cryptokitties, BitCrystals, DMarket, and 8 Circuit Studios. These projects give a clearer insight into how blockchain can be used in the gaming sector.

Introduction

A few months ago, our community participated in a referendum to decide which sector we would engage on our ICO platform once our products and services are launched. Our referendum is a chance for our CHSB token holders to participate in SwissBorg's decision-making process by casting a vote and in return receiving a reward for their contribution and helping us understand the true desires of our community. The SwissBorg community voted on "Gaming" to be the primary sector on our first ICO Platform during our Referendum 2. This report will explain the ways in which Blockchain Technology will redefine the gaming industry and how gamification will be able to fix some of the key problems that the industry is currently facing.

It is a common consensus that ever since the "Bitcoin Bubble" and the Bull Run of 2017, the world is gradually unveiling new ways to implement Blockchain technology. Blockchain is not limited to only the finance industry, as its spectrum is much broader: Supply Chain (Walmart, Maresk), Government (Dubai,...), Ticketing (Paleo,...), the list is endless.
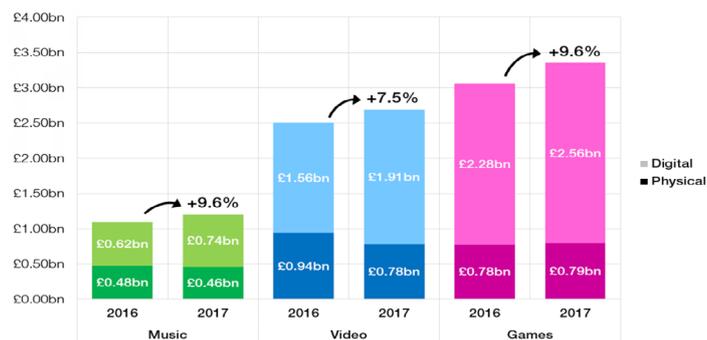

Figure 1 Hebblethwaite data shows 2017 UK games market almost as large as music and video combined

One of the surprise players following the footsteps of blockchain adoption is the gaming industry. The gaming industry is currently composed of an estimated global audience of between 2.2 and 2.6 billion users with a projected revenue of US $137 billion in 2018. With this number predicted to go up to 180.1 billion by the end of 2021, there is no doubt that the gaming sector is truly thriving. It is important to note that gamers in specific understand cryptocurrencies and blockchain technology much more than the average person as virtual assets and digital money has been part of the gaming industry for more than the past 10 years.

There has always been a stereotype of gamers being adolescent boys but in reality, the demographics for gamers is much more ambiguous as the industry has expanded to produce games designed for children, adults and even small niche demographic groups. The chart represents the distribution of gamers worldwide, in 2017, by age group and gender. It is easy to see that males between the age of 21–35 years are the leading demographics for gamers.
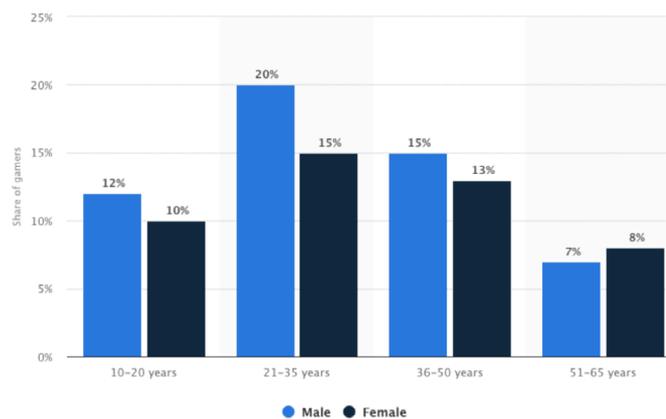

Figure 2 Statista graph of the distribution of gamers worldwide in 2017 by age group and gender

Problems that the Gaming Industry is Facing

1.

The arbitrary revenue sharing model and a high barrier to entry model

For small and non-mainstream developers to maximise their publicity for, and sales of, the games that they develop, they are often times forced to depend on third-party intermediaries such as Steam, GOG and other major app stores. An extensive revenue cut is taken from these small and non-mainstream developers in order to be listed on these digital distribution platforms and a complex benefit model is offered. Furthermore, as a developer, it is imperative to have adequate funding to bring to life the idea and concept of your game. The probability of your initial idea getting turned into a functioning project that is available to the general public is incredibly low as the high-risk/high reward nature of the gaming industry favours well-established game development companies. This is because of the rigid barriers to entry for new developers.

2.

Lack of "true" virtual goods ownership

There is no doubt that the advent of in-game payments for the purchase and acquisition of virtual assets has given rise to "full-fledged" virtual economies. However, in traditional gaming, rewards and prizes that the user has accumulated, purchased, or been awarded will disappear the moment he/she logs out of the game. Although they may be useful within a single game, no matter how much time the users spend gaming and earning these in-game rewards and achievements, they really don't have any "real-life" uses and implications which may dissuade people from continuing to play in the long run.

Furthermore, in order to prevent illegal purchases, cheating and fraud, gaming companies keep strict regulations and control over these gaming assets, consequently, taking away the user's ownership. Gamers do not truly own the content that they have purchased or been awarded in-game as game publishers place strict qualifications on what users can do with these items with EULAs (End User License Agreements) that prohibit, the exchange or transfer of ownership of items or their use outside certain games or platforms.

3.
Cheating, fraudulent activities

As mentioned previously, the gaming sector is experiencing exponential growth with an expected market capitalisation of over $230 billion by 2022. There are approximately 2.2 billion gamers worldwide and as much as one billion of them have spent their money on in-game purchases. With so much money flowing through the market, cheating and fraudulent activities have become much
more common.

Online games such as FIFA, Final Fantasy and Counter-Strike have become popular targets for such fraudulent activities because they enable in-game trading of virtual items such as *skins while allowing covert conversations. This has created a thriving underground marketplace where stolen virtual items, currencies, user credentials, and even cheat sheets are bought and sold. Historically, claims and disputes about hacking, scamming and fraud by gamers were addressed but never compensated by credit card companies of the individual users or of the developers. As so much of the value that gamers purchase and accumulate while playing games is virtual, trying to eradicate fraudulent activities is nearly impossible. Without a way to physically track or prove to the bank and game developers that a virtual item exists, without any tangibility, virtual goods have no real protection.

*For those of you who are unacquainted with the world of gaming and digital assets, a skin is an in-game file that modifies the appearance of a character or item. Usually, these skins are strictly cosmetic which means they don't give the gamer any competitive edge (does not make a player stronger, faster, etc). However, they do look aesthetically pleasing and more importantly, they look different. Players are often forced to choose from a relatively small set of identical options when designing their characters which results in everyone looking pretty much the same. That's where skins come in; they provide video gamers with a way of customising their in-game appearance to visually express their identity or stand out from everyone.

4.
Centralisation

"I happily played World of Warcraft during 2007–2010, but one day Blizzard removed the damage component from my beloved warlock's Siphon Life spell. I cried myself to sleep, and on that day I realised what horrors centralised services can bring."

Vitalik Co-founder of Ethereum

The current gaming industry is completely centralised with companies and corporations setting all the rules and regulations in addition to all the power over the community.

For example, for gamers to acquire digital assets in a game, it would have taken them tremendous amounts of time and dedication, which resulted in a lot of gamers using real fiat money to buy in-game assets although it was a "free-to-play" game through the game developers. A free-to-play game is a video game that give players access to the full content for free, or else known as games that are free to start with the option of spending real money for in-game benefits. Free-to-play games have become very expensive and costly to play with gaming companies and developers generating so much revenue as a result of gamers spending fiat currencies to purchase in-game assets. To put this into perspective, according to Batchelor, a total of $82 billion was spent on these "free-to-play" driven games.

How Blockchain will Solve these Problems

The adoption of blockchain technology will revolutionise the gaming industry by solving many of the problems that the industry currently faces. The recurring theme in the implementation of blockchain technology within the gaming industry is decentralisation and empowerment of the users and gamers instead of big corporations and developers. Blockchain technology offers the gaming industry decentralisation that will be vital to a speedy scaling process as well as placing the power back into the hands of the gamers, who are the ones driving the industry. Without a centralised body present, the gamers and other consumers will be given much more freedom and flexibility, drastically improving the gaming experience.

First and foremost, blockchain technology allows for non-mainstream and small game developers to crowdfund their game through an Initial Coin Offering (ICO), without having to rely on traditional investment options and gaming intermediaries. ICOs permits game developers to receive adequate funding in order to proceed with their project from parties that are interested in the game concept, such as gamers. ICOs also create a community of early adopters of the game at the same time with members being able to see the game come to life. Furthermore, not only does ICOs benefit developers, it also is advantageous for gamers themselves as developers have the possibility of rewarding them with exclusive features and in-game assets for their initial investments. Two projects called BitGuild and The Abyss are game incubator services to help game developers easily receive funding to bring their products to real life.

Blockchain technology also has the potential to completely revamp how virtual assets and ownership of in-game assets work. Through the concept of tokenization, any virtual item can be represented as a token on the blockchain which will then create a virtual economy circulating around digital assets. Unlike the current limited redeemable options of virtual items, through the blockchain, gamers and users will be able to use, in any way they wish, their rewards and in-game virtual assets. They will be able to spend them in the game, use them to purchase other assets in the game store, hold them as investments, or even transform them into cryptocurrencies or fiat at an online exchange. Consequently, an experienced and skilled gamer/player could conceivably accumulate enough in-game achievements to play games for a living.

Decentralisation will also provide gamers with a much greater security. Fraudulent activities are an all too common occurrence in the gaming industry because of the regular use of centralised networks, which provide hackers with a single point of access to an entire system. On the other hand, decentralised systems are made up and spread across multiple points, making it a great deal harder for hackers and other scammers to gain access. Furthermore, the adoption of blockchain technology means that the entire life cycle of any virtual asset will be registered and tracked on a decentralised digital ledger while maintaining the owner's security and privacy. This means that, in the near future, everyone will have the means of authenticating and tracking any product that was transacted on the blockchain.

Promising Projects Based on the Blockchain

BitCrytals BCY

About

Website	bitcrystals.com
Country	Switzerland
ICO Date	05.08.2015 - 15.09.2015

Finance

Raised	$205,103
Ico price	$0.016
Token	BCY

BitCrytals BCY is an innovative cryptocurrency that "provides a decentralised, peer-to-peer, secure, and stable trading platform for gaming enthusiasts." Using Bitcrystals, users will be able to trade digital assets and in-game rewards outside of the native trading system authorised by the developers of the game. This means that cross-market trade of items such as virtual assets, cards, skins and much more can be achieved. Not only does this put gamers in charge of their digital property and give full ownership, but it also allows for a large, collaborative gaming ecosystem.

8 Circuit Studios

General

Website	8circuitstudios.com
Country	USA
ICO Date	01.10.2017– 31.10.2017

Financial

Raised	N/A
Ico price	0.005ETH = $1.46
Token	8BT

8 Circuit Studios is a game development company comprised of veteran developers from prominent and influential video game companies such as Electronic Arts, Nintendo and Microsoft that have started to build games on the Ethereum blockchain. James Mayo is the current founder and president for the studio and he is notable for his work on games such as Super Mario World, Age of Empires 2, Donkey Kong Country and F.E.A.R.

DMarket

General

Website	dmarket.io
Country	Ukraine
ICO Date	03.11.2017– 01.12.2017

Financial

Raised	$19,069,984
Ico price	$0.63
Token	DMT

DMarket is a decentralised virtual assets marketplace which turns virtual items into real commodities that can be traded on the blockchain. DMarket is scalable supports cross-platform integration in which gamers can trade any virtual item they may have from a game. Instead of a centralised system where developers and distributors have the power to adjust the prices of in-game items, DMarket is created by the actual market. Game developers will now have to work on developing special and desirable gaming content and items that gamers would want to have ownership over and trade.

CryptoKitties

General

Website	www.cryptokitties.co/
Country	Canada
ICO Date	N/A

Financial

Raised	15M (VC Round)
Ico price	N/A
Token	N/A

CryptoKitties is a blockchain based virtual game developed by Axiom Zen that allows players to purchase, collect, breed and sell various types of virtual cats. CryptoKitties is not a cryptocurrency and instead, it operates on the Ethereum's blockchain network as a non-fungible token (NFT) unique to each CryptoKitty. Each CryptoKitty is unique and owned solely by the user and it is validated on the blockchain with its value appreciating or depreciating depending on the market and traits. The virtual cats are breed-able and carry a unique number and 256 bit distinct genome with DNA and different attributes (cattributes) that can be passed to offspring. The CryptoKitties project represents one of the first attempts to adopt the blockchain technology for recreational and entertainment purposes. The original CryptoKitty reportedly sold for over $110,000 worth of Ether on the CryptoKitty market and since then, the developers have raised over $12 million to continue developing the platform.

Conclusion

It is too early to tell whether or not gamification within the blockchain will end up revolutionising the way that the gaming industry currently operates. But there is one thing we can say with certainty: blockchain will provide the gaming industry with a transparent, egalitarian and, most importantly, decentralised ecosystem for users and developers alike.

Blockchain will allow smaller and non-mainstream game development companies to receive adequate funding in order to pursue their projects through the use of ICOs/ crowdfunding. They will, also, maintain a strong presence within the ecosystem by eliminating the need for third party intermediaries and "middlemen" such as Steam. Gamers will also gain full control over their virtual assets whereas without blockchain, the whole idea of ownership is much more ambiguous in gaming. Last, but not least, fraudulent activities and scams will become non-existent as all transactions and virtual assets will be recorded on the blockchain and remain transparent.

At SwissBorg, we believe that the adoption of blockchain technology within the gaming industry will completely revamp the way it operates. That is why we are hosting bi-annual ICO Competitions with the aim to incubate promising Gaming ICO projects, in a fair, transparent, and community-centric ecosystem.

Our ICO competition and platform will promote and boost the best gaming ICOs, giving them support, advice and credibility, but more importantly, it will help the overall growth of the blockchain space with a great number of new users' adoptions. By participating in the SwissBorg ICO competition, the young gaming DAO will be able to gain access to a robust ecosystem and forge profitable partnerships with others on the blockchain from a myriad of sectors.

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