> If you have the humility to listen to what the data is really telling you, rather than look for data to support your assumptions, you will find opportunities that you wouldn't have expected.
>
> Simon Protheroe, Square Enix

Case Study / **SQUARE ENIX**™

Using Data Analytics to Grow Online Revenue and Reduce Fraud
Effective Business Intelligence

With well-known franchises such as Final Fantasy, Lara Croft, Hitman and Deus Ex, Square Enix is one of the world's largest video game companies. As it adapts to changes in its industry, it found that the large volumes of data it generates presents both challenges and big opportunities. To analyze its payments data, the company turned to Elevate, the business intelligence solution from Ingenico ePayments, with impressive results...

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INTRODUCTION

A big transition has taken place in the gaming industry over the last few years, forcing game developers and publishers such as Square Enix to review and adapt their business model. Historically a Business-to-Business company, Square Enix would sell large volumes of boxed games into a network of channel partners such as electronics stores, toy stores and specialty gaming retailers. The moment a game was sold and shipped out of its warehouse, the company no longer had much visibility or detailed analytics about its performance beyond retail sales reports.

These days, Square Enix sees high growth coming from online and mobile games. In contrast to its traditional business model, making a relatively small number of very large deals - selling tens of thousands of boxed copies into a small number of retail partners - the company increasingly sells directly to millions of gamers around the world through digital distribution and small, in-game purchases. This new model means the company now generates enormous amounts of live data about the performance of its games, from in-game behavior to purchasing habits. These live analytics allow the company to iterate games in days or weeks rather than months or years, and make tweaks to things like pricing and offers almost in real time.

CHALLENGE

Some of Square Enix' key games have successfully made the transition from boxed product to multiplayer online game. Instead of selling a game once, the company now makes the games available to play for free, and makes money selling virtual credits that players can use within the games. These direct interactions with players produce enormous amounts of data about their behavior and preferences that the company can use to steer and improve performance. But how to organize this raw data in such a way that it allows for analysis and interpretation? And how to avoid the trap of confirmation bias, or looking only for data that supports a preferred conclusion?

"One of the biggest challenges in the switch from retail to online games, with much more data coming in, is to have the humility to listen to what the data is telling you," said Simon Protheroe, Online Development Director at Square Enix. *"Making sure you're asking the right questions, and understanding what the data is really telling you. When you do this, you will find things that you wouldn't have expected."*

While Square Enix monitors player behavior in a number of ways to improve the overall user experience for its games, one of the most important performance indicators on which the company measures success is the number of players that eventually engage enough with the game to convert to paying customers. The company wanted to improve its understanding of the payment funnel, including the various bottlenecks that inhibit casual players from becoming highly engaged and paying gamers, and identifying opportunities to optimize conversion. To do so, Square Enix turned to its Payment Service Provider, Ingenico ePayments, for advice.

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SOLUTION

Ingenico ePayments provides Square Enix with the technology and services that enable the company to accept online payments from all over the world, using a wide variety of locally preferred payment methods.
To help clients do more with the data that these payments generate, the company developed Elevate Data Services, a comprehensive Business Intelligence solution designed specifically to analyze online payments and chargeback data. Elevate organizes unstructured payment data into visual dashboards that let merchants interact with the data in order to find exactly those insights that will help them to make the decisions that accelerate the growth of their business.

For Square Enix, Elevate provides full visibility into the payment funnel and lets the company find and adjust the payment experience for its users based on observed trends.

"Recently, we had a game that was performing poorly in some countries in terms of conversion and not in others, but we couldn't figure out why! This is where Elevate really helped us," said Protheroe. *"Based on our analytics, we know exactly which countries the people that play our games are from. Russia, for instance, is the fifth largest market for this game in terms of total number of players, but ranks only 49th in terms of number of paid players. The game was localized and priced appropriately, so we should have been able to predict the conversion rate. Elevate allowed us to analyze the different steps in the payment funnel, determine what was holding back the conversion ratio and make the necessary adjustments to drive up the conversion ratio."*

Because Ingenico ePayments processes payments for thousands of merchants all over the world, including many of the world's leading video game companies, Elevate has access to one of the largest sets of aggregated payment data in the world. This allows a Square Enix to also analyze its own performance, but to benchmark it against industry averages, and the top performers in its own industry.
For Square Enix, this turned out to have really powerful applications as well.

"One key advantage Elevate gives us is a view of other companies' data. It allows us to benchmark our aggregate data against others, and that's where the real value is. For instance, Elevate shows us what payment methods we are missing per country and the opportunity they represent." said Protheroe. *"The Netherlands is an important market for us, but when we benchmarked our performance in the Netherlands against that of our peers, we noticed that we were missing a massive opportunity for growth. Elevate showed us that up to 60% of the aggregated gaming revenue in the Netherlands, generated by our competitors, came from iDEAL! Elevate showed us that we were leaving potential revenue on the table by not offering iDEAL as a payment option for our Dutch customers. Elevate gives us clear, actionable business intelligence on which to base decisions, rather than conjecture and general 'old wives tales'".*

> "
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ELEVATE DATA SERVICES

Elevate organizes and visualizes performance insights across 8 key performance areas and 39 individual dashboards. These dashboards reveal the types of insights that let merchants such as Square Enix quickly and easily identify trends and patterns, opportunities for optimization, and issues that need immediate attention. New dashboards focus on performance indicators such as Payment Funnel/ Consumer Drop-Off Rate, Refund Rate Over Time, and Dispute Revenue and Opportunities. reveal insights such as *'Which chargebacks should I challenge?', 'At what step in the payment process are transactions most likely to fail?'* and *'What are the key trends in the refund behavior of my customers, by country and payment product?'*

KEY BENEFITS

4 Key Take Aways from Simon Protheroe, Online Development Director at Square Enix:

• Getting really strong data from as much of your funneling process is key
• Be very dilligent in understanding that data and make sure you're answering the right questions
• Use tools like Elevate to help you benchmark and to enable you to understand how you're performing relative to your • industry, rather than just in absolute terms
• When you have that data, don't limit your thinking about what you can do with it. Business Intelligence isn't just about growing revenue, it is also about lowering cost and exposure to risk.

Curious about how we can go further together?
Visit **www.ingenico.com/epayments**

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