

## RockYou Looks Past China's Internet Users

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China has the attention of RockYou, one of the earliest developers of widgets for social networks. But it isn't China's nearly 400 million Internet users that are the main draw—it's the nation's developers.

RockYou CTO and co-founder Jia Shen said at a social game summit in Beijing Friday that the company, which plans to expand its presence in Asia, is "actively" looking at acquisition targets in China rather than more users because social games are less lucrative here than in other markets, mostly due to a lack of openness of Chinese social networking sites.

According to Shen, companies that operate social networking Web sites in China, including Tencent Holdings Ltd., have huge user numbers, but demand an average of 40% to 50% of revenue from the games distributed on their Web sites, or more than is standard in other markets. And though a higher rate of Chinese users pay to play the games, they spend much less, he said.

"For something a Chinese user is willing to pay one Renminbi [for], a user in the U.S. would pay \$1," he said. "It's almost a one-to-one comparison." (One dollar is the equivalent of almost seven Chinese yuan.)

Other developers at the conference echoed the sentiment Friday, saying that the difficult local environment is forcing them to look overseas for distribution opportunities, even though their home market boasts the most Internet users of any nation. Social games, part of a burgeoning sector within the online game world, generally cost less to develop than such massive multiplayer online games as "World of Warcraft," and attract wider audiences.

Companies like RockYou create social games and other content for use on Web sites such as Facebook, MySpace and Chinese social networking site Renren.com.

Shen said RockYou, which operates a social media advertising network and whose products have hundreds of millions of monthly unique visitors, would be looking for opportunities to acquire or partner with such developers in China and provide them with the overseas distribution know-how. "We're looking at acquisitions" and ways to "leverage the labor force in China," he said. RockYou is currently already partnering with a Chinese company to provide a game called "Casino World" internationally.

"We're looking at the talent here" and less AT users and distribution opportunities, Shen said. RockYou announced in November that it had secured total financing of \$117 million.

When asked about rumors that Chinese online games company Shanda may acquire RockYou, Shen said they are "just rumors."

– Loretta Chao