

Playdom Buys Green Patch and Trippert Labs – On the Way to IPO?

Eric Eldon, *Inside Social Games*
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Playdom, the largest social game developer on MySpace and one of the larger ones on Facebook, has confirmed a couple purchases we've been hearing rumors about recently. It has bought Facebook game developer Green Patch, as well as iPhone developer Trippert Labs, both for undisclosed amounts.

The company announced yesterday that it had raised \$43 million in a first round of venture funding, so it is not wasting much time in putting that new capital to use. Green Patch is a mid-sized Facebook app developer company that has grown from its first game, (lil) Green Patch, to a whole line of games with "(lil)" in the title. The largest today is (lil) Farm Life, a virtual farming game that has more than 6 million monthly active users on Facebook, and 1.27 million daily actives.

"We've been close to Green Patch since almost the beginning [of the Facebook platform]. We actually work about three blocks from each other," chairman Rick Thompson tells us. "We're mutual admirers." Both companies have pumped out new titles in popular genres of social games.

So this is a direct move against Zynga's FarmVille, and other the range of other farming games on Facebook. While Playdom has managed to grow some games on Facebook's platform since it began an aggressive foray this spring, like role-playing game Mobsters 2: Vendetta, it has not achieved the same success as it has had on MySpace. At least not yet.

Overall, the Green Patch purchase will push Playdom up our AppData developer rankings, going from #12 overall by un-deduplicated monthly active users, to #9 — and the #5 spot among Facebook game developers. By monthly active users across all of its games, that's up from 14.7 million to 22.8 million. By daily active users (a more interesting measure, as it more directly indicates a game's ability to monetize) Playdom will go from 2.08 million to 3.51 million. It still trails Zynga, Playfish, and others on Facebook, but the combined games and developer resources make it a more formidable opponent. Also of note in this purchase: Playdom and Green Patch have both been sued by Zynga.

Thompson wouldn't comment on the lawsuits, expect to say that they didn't hurt the relationship between Playdom and Green Patch. Cue the jokes about Green Patch joining Playdom's mafia.

Meanwhile, on the iPhone, Trippert Labs has had a few successes. Its titles include MobRacer, The Godfather II Crime Rings, Fighter Jets, Armada and Bug Olympics. Playdom expanded its Mobsters series to the iPhone this summer, so the purchase shows the company is getting even more serious about spanning platforms. Trippert chief executive Omar Siddiqui is joining Playdom's management team as its vice president of game production.

The Mobsters iPhone game, called Big Apple, already lets users log in using their MySpace identities, but the company says it has another version pending approval from Apple that also includes Facebook Connect.

Future Plans

And being cross-platform is what any potential acquirer or public-sector investor wants to see. What are Playdom's plans? Zynga appears to want to go public at some point, and Playfish just sold to Electronic Arts in a deal worth up to \$400 million. Tim Chang, a principal at Norwest Venture Partners and now an investor in the company, had this to say in an interview yesterday:

Our view of social gaming is it's a pretty big space. It should be a market large enough to support multiple winners. The first was Playfish. Each of the big three should be able to get a pretty good outcome. The (remaining) big two could reach an IPO. One dynamic we like is that there are not that many companies reaching this kind of scale.

We asked Thompson if he thought Playfish sold too early. "I think they're a great company, and it was a personal decision," he replied. "But would I have sold? No, our choice is to take it all the way."

Playdom has been hiring fast — it's at 190 employees and 75 contractors not counting the purchased companies — and it is looking to increase that number, it says. Green Patch and Trippert will continue to exist as studios within the company.

"I think we're getting pretty good at really looking at their data now, and modeling how these games will evolve over time," Thompson said. "But I think there's essentially a life cycle of growth and then decay. What we really look at in acquisitions is not just daily active users, but bringing on additional team members that can really help create new games in the future."