

So what did Logrus, a professional localization company, do about all this? We established a business relationship with 1C, by far the largest and best Russian business and multimedia software publisher and distributor. Our challenging goal was to license and release dozens of quality localized popular titles every year.

In this business model, Logrus provides the best team of localization professionals for the job and takes care of project negotiation, the licensing process and payments, and all aspects of the localization itself, including legal oversight, pre-, intra-, and post-project communication, etc., while 1C concentrates on publishing and distribution.

And does the model work? Take a look at the results. Serious Sam: First Encounter, a Take2 Interactive (Croteam) shooter game that was the first in a series of games to be localized by Logrus and released in Russia by 1C, has racked up record sales, with 30,000+ jewel box copies flying off the shelves in the first three days after release. Several more super hits from Take2 Interactive, such as Max Payne and Tropico, followed suit. There are already more than 20 titles from different publishers planned for release in 2003.

Do you want a piece of this success?

Then let's see what Logrus can do for you.

## Translated and released multimedia products for the Russian market:

**Lego Media:** Racers, Chess, Loco, Rock Raiders, Friends, Creator, LegoLand.

**Microids:** Syberia (licensed by 1C).

**Octagon, Dream Forge Entertainment:** Sanitarium.

**Octagon, Simon & Schuster Interactive:** Farscape, Real War, Real War: Rogue States.

**Strategy First:** G.I. Combat.

**Take 2 Interactive:** Serious Sam: First Encounter, Serious Sam: Second Encounter, Merchant Prince II, Max Payne, Loco-Commotion, Stronghold, Tropico, Tropico: Paradise Island (addon), Trade Empires in Asia, Age of Wonders II, Myth III.

**Techland:** Crime Cities (licensed by 1C).

**UbiSoft:** Evil Twin, Pool of Radiance 2.

**Wanderlust Interactive:** The Pink Panther's: Passport to Peril, The Pink Panther's: Hokus Pokus.

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# LOGRUS



MULTIMEDIA

L I C E N S I N G

L O C A L I Z A T I O N

E N G I N E E R I N G &

T ' E S T I N G

S O L U T I O N

TO P U B L I S H  
YOUR PRODUCT  
ON THE RUSSIAN MARKET!



**You have a computer game, and you want to sell it worldwide. Aside from the developed countries, many other markets of promising size and potential exist, albeit with high piracy rates. Is there really a viable business opportunity here?**

**You bet there is! And it's an opportunity that you shouldn't miss, because, if multimedia software follows the pattern set by business software, you can ultimately expect more than 50% of your revenue to come from overseas sales.**

**How do you tackle this challenge and minimize the pain of trial and error? What are the most common mistakes and pitfalls? We'll base our answers to these questions on the Russian market, which is, in a sense, highly typical.**



licensing fees. On the local market, close partnership between a strong distributor and a dedicated localization company is a must. This is the only way to ensure top-flight quality and strong sales, because localization outsourcing, which is commonly done with business software, is just too expensive and risky a proposition in this case.

Our point is that it is much better to maintain a reputable presence and get *some* revenue from the market rather than sit back helplessly and watch your intellectual property being stolen.

Last point: don't be too discouraged by the current low channel prices, as they are partially offset by high turnover. Also, bear in mind that this low pricing model is only transitional. Prices will gradually increase as the market becomes healthier and less prepared to tolerate piracy.

## HOW ARE THE DEVELOPING MARKETS DIFFERENT?

Two major problems in the developing markets are software piracy and low purchasing power.

The piracy rate is as high in Russia as it is in other emerging markets. Pirates crank out cheap "jewel box" versions (both original and localized) of most newly released games with amazingly small release deltas. This avalanche of bogus product is the most natural consequence of relatively immature legislation and inefficient law enforcement. But the major underlying reason is that people are not prepared (or simply can't afford) to pay \$15 and up for a game, so they willingly go out and purchase pirate jewel boxes at \$3-\$4 apiece. This was especially true in the period following Russia's severe economic crisis of 1998.

And yet the infrastructure is solidly in place. The legal dealer and distributor networks are well developed, both structurally and in terms of coverage, which makes it theoretically possible to move product in hundreds of thousands of copies. The problem lies in making these products affordable.



## WHAT'S THE SOLUTION?

The pirates' strengths are deeply discounted prices and short time to market. Their weak points are the fact that their products are illegal (and increasingly the target of government crack-downs) and the notoriously low quality of their translations.

While localized games sell roughly ten times better than the originals, pirate localizations are invariably disappointing. This is an inevitable consequence of disassembling existing products under the gun, instead of using toolkits/source files. And as the market matures, consumers gradually become more demanding and quality-conscious. They realize the drawbacks of pirate localizations, and mostly buy these products only because there isn't much else out there.

The solution is to offer professionally localized, high-quality products packaged in jewel boxes at a competitive price. This approach does not preclude publishing limited editions in regular packaging for collectors and those with more money to spend, but most of what is produced must be as inexpensive to publish and cheap to transport as possible.

This solution requires an innovative approach on the part of both the copyright owner and the licensee. The copyright owner must recognize the need to explicitly approve the localized game's release in a jewel box version, as well as the fact that low retail prices and current market capacity assume moderate



## CASE STUDY: HOW WE DID IT

Logrus was founded as a group of software experts offering business software localization into Russian. Having localized killer apps from the largest software publishers, such as IBM, Microsoft, Oracle, and many others, we set out to extend our localization services, by performing multimedia localizations into Russian for our traditional customers - only to find out that multimedia software operates on a totally different business model. Instead of just being paid to localize, we had to license the product, translate it at our own expense, and find distribution channels to assure a good ROI.

Despite the relative novelty of this approach, we decided to take the plunge. We licensed the Pink Panther Series from the now defunct Wanderlust Interactive, bringing to this project all our localization experience, quality standards, and know-how of American and European business practices. The Russian Pink Panther, released four years ago, was the first ever Multimedia Localization Project Done Right, and it was a tremendous success. Our Pink Panther distribution partner, Noviy Disk, believes it to be the most full-box successful multimedia localization project ever to hit the Russian market in the 20th century (with new hits for the new Millennium ☺).

More localized games followed. Products localized by Logrus have won numerous awards for localization quality (Pink Panther being our first award winner, at Anigraph 98), because they look and sound as though they were originally created in Russian.

Still, this was all "expensive" boxed software (with retail prices of \$15 and up), targeted at the emerging middle-class consumer. Sales were only in the thousands, which wasn't much competition for the pirate editions. And after the Russian economic meltdown in 1998, the market for this software shrank rapidly, along with the middle class that had supported it. The time had come for some innovative survival thinking.

At the same time, though, the framework for the new approach described above was already falling into place:

- The distributors were pushing publishing companies to allow them to release localized jewel box versions — simply the only acceptable type of product in that crisis-ridden market. Some publishers had digested and accepted this idea.
- The general public had high expectations, and wanted not just games but localized games with both translation and sound track on a par with the original product. But still, people were reluctant to pay more than a few dollars per title...
- Distributors were coming to realize that localization is not just translation but a separate, sophisticated process. They were also figuring out that they themselves could not produce quality localizations without substantial investment and at the risk of losing their business focus. But they were unable to pay standard prices for localization while still continuing to shoulder all the risk alone.