

Number crunching the SAG-AFTRA Interactive Media Agreement Strike, and fixing developer bonuses.

-Submitted by a concerned gamer and voice actor

MISINFORMATION

The amount of misinformation involving SAG-AFTRA's interactive strike is mind boggling. At times, it feels like two broken-up people trying to convince everyone in a common circle of friends that the other is at fault. SAG-AFTRA have consistently talked about the main issue being safety, while the video game publishers, through their chief negotiator, have spoken about money, semantics, and whether the SAG-AFTRA membership was fully informed about the negotiations in the final hours.

ANSWERS

The answer to this talking point is that the body of members voted 96.5% to place all negotiations into the hands of a negotiating committee, the members of which individually, stands to gain very little from a successful negotiation. That vote also authorized a strike, if and when the negotiating committee felt all avenues of negotiation had failed. And that vote was in October 2015. So, on this matter, the membership has been informed and spoken.

PERSPECTIVE

But it's smart to look at things from the perspective of others. After all, Stephen Covey's fifth habit of highly effective people is to seek first to understand and then be understood, is it not?

So if the chief negotiator wants to talk numbers, let's delve into numbers!

SALES/PROFIT THRESHOLD

The average sales threshold that a blockbuster video game becomes profitable is 2 Million units sold. SAG-AFTRA has asked for an extra session fee for any cast member working on those games above 2M, 4M, 6M, and 8M units sold. So, let's crunch some numbers, shall we?

NUMBERS-METAL GEAR SOLID 3: SNAKE EATER

Let's use a real world example of how this agreement would work. How about the wonderful *Metal Gear Solid 3: Snake Eater*?

This is a good example. The game sold [3.7M copies](#), so under the proposed agreement, one bonus contingent payment would be made to each cast member in the game. So let's do the math!

First, the MSRP of many games is \$60. And if 2M copies is our threshold, that equals \$120M. Wow, that's a big number. Let's spell out that number so it can really be appreciated.

\$120,000,000.

There.

That's a lot of money.

SIZE OF VOICE CAST

So, in Metal Gear Solid 3, according to [IMDB](#), there are 27 English cast members, and 25 Japanese cast members. Now, the Japanese cast might not be members of SAG-AFTRA, and without much more digging to confirm one way or the other, we'll pretend they are for the purpose of our math.

Our math is then \$825 (and change; the session fee) X 52 cast members. That comes to \$42,900.

To put in the perspective of the chief negotiator for management, he said that voice actors ["represent less than one tenth of 1 percent of the work that goes into making a video game."](#)

BONUS PAYMENT

OK, but that contingent bonus payment would actually be 0.03575% of the generated revenue for those first 2,000,000 copies sold. So as Mr. Keating would insist in *Dead Poets Society*, your perspective means a lot.

In truth, it's a pittance (as the percentage shows). Remember that the game sold 3.7M copies, so if you extrapolate further, that's \$222,000,000 in gross revenue, and the \$42,900 in contingent payments (the bonus doesn't change because sales didn't reach 4M units) is actually 0.0001932432432432432%, or around two *thousandths* of a percent of the total revenue generated by one of the greatest games in history.

And if the Japanese actors don't count? Approximately half that.

OK, granted, the game has been re-released on several platforms (it was originally a Playstation 2 exclusive), including an HD remake, so a second bonus would probably trigger in that instance. But that's splitting hairs.

NUMBERS: GRAND THEFT AUTO V

Now, to truly understand the maximum scope of contingent payments, you need a big cast with a very successful title. How about *Grand Theft Auto V*? That's a monstrous one.

Number of units sold? [Over 40M](#). Forty. Million. Holy smokes. I'll keep the number right at 40M units so the numbers don't boggle the mind any more than they're about to. Ready?

REVENUE

So let's math the revenue. Not counting special collector's editions and other boutique editions, or DLC and Season Passes (that's DownLoadable Content for the nongamers, in which content is left out of the core game so that publishers can hit the gaming public for secondary micro- and not so micro transactions), we're still talking about \$60 per unit. That adds up to \$2.4B.

Yes, that's billion with a B.

\$2,400,000,000.

Take a breath. There are more staggering numbers.

First, 40M units far surpasses the maximum contingent payment threshold of 8M units, so that triggers an additional four bonus session fees for each actor under the SAG-AFTRA proposed IMA (Interactive Media Agreement, for those of you keeping score at home).

OK, so this one is a little tougher nut to crack. First off, there are quite a few recognizable people in the game. Dane Cook, Wil Wheaton, Fred Armisen, Danny McBride, Kenny Loggins, Pam Grier, Bootsy Collins, Hannibal Buress, and Adam West, to name just a few. More than likely, you can count on them to get more than the IMA minimum, so the contingent structure would not apply to them.

SIZE OF VOICE CAST

For the sake of argument, let's say they do. That makes for a total cast size of 840.

Eight. Hundred. Forty. (Yes, I counted.)

BONUS PAYMENT

Our math is then \$825 (again, the session fee) X 840 cast members. That comes to \$693,000. Now multiply by 5 (the original session fee plus four contingent bonus session fees), and you get \$3,465,000.

Three million, four hundred sixty-five thousand dollars for what might be the largest video game cast in history if the SAG-AFTRA negotiated IMA was in place.

Now, I know that is a staggering amount of money at first glance, but again, I remind you of the \$2.4 Billion in revenue generated in sales. Let's do one more calculation.

PERCENTAGE OF REVENUE

You'd think that a cast of 840, with the maximum amount of contingent bonus payments would be a huge burden on the publishers, as many claim. But let's check the percentage. Divide the \$3,465,000 in session fees by the \$2.4B in revenue and you'd get 0.144375%.

Huh. A little over one-tenth of one percent of the total revenue.

Sounds like SAG-AFTRA owes management's chief negotiator an Edible Arrangement for proving just how little the publishers' bottom lines will actually be affected.

THE REAL QUESTION

So the real question is, if the **1)** largest cast in video game history (I'm calling it, folks. Your move, internet!) with **2)** the maximum number of four contingent payments (under the SAG-AFTRA proposed IMA), **3)** only receives **0.144375% of the game's total revenue, creating a true worst-case scenario for the publishers, then: What motive could management possibly have for not accepting SAG-AFTRA's contingent payment proposal?**

And if you would like, go ahead and nitpick the math, while I'll leave this right here. Did you know [the top twenty five game companies made \\$32.5B in just the first six months of 2016, with year-to-year revenue gains of 22%](#)? Sure, SAG-AFTRA isn't striking against some of those companies, but boy, with numbers like those in the article, it's hard to sell the idea that the struck companies negotiated in good faith, even if it was only about the money.

GAME DEVELOPER BONUSES

And I think I have an answer to the possible motive for patently refusing to consider contingent payments to actors. Simply put, it allows game publishers to withhold bonuses to game development studios based on sales.

This is not a new idea. [That fear was laid bare over a year ago.](#)

So what about bonuses for developers? I know I'm for them! But let's talk about the Silicon Valley mindset.

Bonuses do exist for some developers, but they aren't tied to sales. Many are tied to Metacritic scores (yes, I'm sorry, dev friends, for mentioning it), which means that if a game scores above a target aggregated 1-100 score, the development studio gets contracted bonus. That might be well and good, and some call it 'industry standard.' But then you get horror stories like [studios that miss bonuses by one lousy Metacritic point.](#) Ugh.

Go on, give it a read, and seriously weep for those poor folks.

BONUSES BASED ON OPINION

Talk about sickening and ridiculous. Bonuses based on something so intangible as opinion of a small segment of journalists? Who allowed that to be a checkbox for bonuses? Sure, I can hear the answers now about how it promotes making high quality games, but to be fair, the system sounds rigged, [especially when crunch looms over the development lifestyle like a specter](#), surely causing quality to go down even as [milestones from publishers cause more and more hours needed to work just in order keep up, with no additional compensation](#).

BONUSES BASED ON SALES

That is why SAG-AFTRA negotiate for bonuses based on sales. It would be awesome to set a precedent that our friends and friends-close-enough-they-may-as-well-be-family in the development studios could then leverage bonuses based on a tangible metric that devs have a hand in, rather than nebulous scores aggregated from people outside the development process, and aren't necessarily tied to a game's commercial success.

SOFTWARE VS. ENTERTAINMENT

The problem is, these massive game publishing companies seem to have an identity crisis. They don't seem to know if they're software companies or entertainment companies. Many people seem to think they straddle both industries, and that's true, to a degree.

Though, when you see [companies like these](#) diversifying and going big (like all-in big) into [stuff like e-sports](#), it makes a person think that they're less software companies and [more entertainment companies](#).

It doesn't help that these companies use words like cinematic, immersive, real, epic, emotional, blockbuster, and franchise to describe games more and more. Someone drops a "tentpole" and pretty much everyone will call them entertainment companies, period.

It just seems that publishers want to cherry pick the most beneficial practices from both the software and entertainment worlds, sit back, and watch their bottom lines swell bigger and bigger.

The old saying about "having your cake and eating it too" comes to mind. You can't have that revenue and quibble about stunt coordinators, shorter sessions for vocal safety, and sharing a teardrop's worth in an ocean of money that would make Scrooge McDuck Green with envy.

EVOLUTION

And it looks like we've come to the real reason the publishers would rather hire PR Firms to

build and maintain websites that vilify SAG-AFTRA. And come to the real reason chief negotiators issue statements that trivialize actors' contributions to games that make more money than any movie in history and want to pit actors and developers against each other.

The illusion of power. The desperate and tenuous grip on agreements that haven't evolved with the industry these past twenty two years, all while diversifying and evolving as companies themselves.

Time to join the 21st century. We're only sixteen years into it.