

Gaming and giving find common ground

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If it were up to people how much they want to pay for anything, most would say zero.

But one company found a way to let customers name their price, make money and benefit charity.

Through the goodwill of 6.3 million customers buying games, comic books and music, Humble Bundle amassed more than \$64 million in donations to a number of different charities, some of which include American Red Cross, Doctors Without Borders and charity: water.

Humble Bundle, a five-year-old San Francisco startup distributing “bundles” of digital content, employs a pay-what-you-want model where people decide what portion of their money goes to content owners (game developers or book publishers), Humble Bundle and their charity of choice.

“There are stereotypes about gamers that are not always good, but that’s why it’s really refreshing to show the opposite,” COO and co-founder John Graham said. “A lot

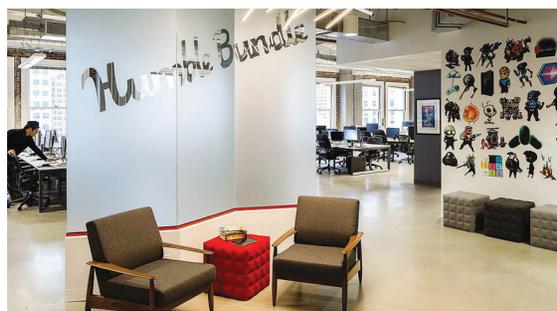
of people in the industry and who are gamers are a bit socially conscious and do like helping out. I think they also like a good deal if they find it, but if they can do both, hell yeah.”

Humble Bundle eliminates the middleman in video game sales. Besides revenue, the content owners also tap into Humble Bundle’s larger network to drive buzz around their products on the platform. “We branded the first bundle as ‘no middleman,’” Graham said. “Just by game developers, for game developers.”

“We thought, ‘What if instead [of] demanding people pay us ... what if we’re just like a digital distribution waiter?’ It’s basically the honor system on the website. And that was a very strange proposition that the Internet hadn’t really seen before.”

Graham admits the purchasing model remains vulnerable to cheapskates and altruists, in cases where people either pay a very low overall amount or donate largely to charity and leave Humble Bundle and developers a smaller share.

To combat these problems, as well as encourage people to give more to



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charity, Humble Bundle offers incentives for those who beat the average rate. “People that are more generous actually get more stuff,” Graham said.

The website’s payment function streamlines charitable giving, and its ease appeals to even those not seeking philanthropy. C.J. Scaduto, a Humble Bundle regular from the early days and president of ShowDown Entertainment, says the distributor also fills the void of video game rentals — once an option at stores like Blockbuster — by offering games at a low price.

“It allows me to price something how I see it, rather than how the market sees it,” Scaduto said. “I’m

actively playing video games and passively giving to charity. Kills two birds with one stone.”

Pay-what-you-want may sound familiar to how Sidecar, the ride-sharing service living in the shadows of Uber and Lyft, runs business. By ride’s end, passengers pay drivers a suggested amount, a rate they decide or nothing at all. Ratings, like with most sharing services, keep the system in check.

Humble Bundle spun out of a surprise. In 2008, Graham, then a 22-year-old Yale grad, partnered with brothers Jeffrey and David Rosen and a few friends to found Wolfire Games. While there, Graham and Jeffrey

The front of Humble Bundle’s office next to Union Square. Video game characters fill the white walls and, yes, there is beer on tap.

Rosen experimented with a game package to generate attention for the company. When \$1.27 million came in after 11 days, they contemplated turning the idea into a standalone business.

“Was it a one-time fluke?” Graham thought. “A one-time million-dollar website, or is there something we’re tapping into that we can keep doing for the gaming community and for charity?”

After the next release brought in \$1.8 million, what became Humble Bundle continued growing — getting into Y Combinator and securing Sequoia Capital funding soon after. With about a staff of 70 and a two-floor Union Square office, the startup continues upping their game. In September, it launched a new PayPal partnership to broaden their selection of charities to an additional 10,000 organizations.

“It’s pretty crazy,” Graham said of the startup experience. “We never stepped up to the plate like Babe Ruth and said, ‘This is going to be a homerun.’ We don’t know if it’s going to work, [but] it felt like a good thing to do for the industry.”

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