

# Prismatic\_Peril\_Business\_Case

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## Executive Summary

Prismatic Peril is a retro-styled arcade mobile game we're planning for iOS and Android, blending classic aesthetics with modern gameplay elements. This business case lays out the plan for the project, looking at a 12-month development timeline and building on the unique "Force Sphere" mechanic concept.

The main upsides we see are significant potential revenues, projected around **\$9.7 million in gross revenue for Year 1** (before the platforms take their cut), and establishing our studio, Prismatic Peril Studios, as a recognizable name in the retro-arcade scene. The key costs involve paying the development team, creating the art and sound, setting up the necessary tech infrastructure, and specific marketing efforts. These marketing costs total **\$282,500** (including \$7,500 for initial research, a \$75,000 launch campaign, and a \$200,000 second campaign potentially involving sponsorship). We need the final budget from the Project Plan to nail down the total development and operational costs, but our initial estimates point towards a very healthy return.

If we manage the development costs smartly, we expect the game to become profitable quite quickly after launch. Overall, this looks like a strong strategic move and a financially attractive opportunity, making a good case for dedicating the necessary resources to get development underway.

## Expected Benefits

We expect the Prismatic Peril project to bring several important and measurable advantages to the studio. It should help us carve out a solid spot in the retro-arcade market and generate good returns. The project builds on identified market interest (backed by our initial research) and uses a dual revenue model—free with ads, and paid—to reach the widest possible audience and maximize income.

Key quantifiable projections for the first year post-launch include:

<b>Benefit Type</b>	<b>Metric / Description</b>	<b>Projected Value/Target (Year 1)</b>	<b>Notes</b>
Financial	Gross Revenue (Ad-supported)	\$1,422,000	Based on 19.5M+ active users by EOY
Financial	Gross Revenue (Premium)	\$8,283,150	Based on \$6.99 price & 3% conversion
<b>Financial</b>	<b>Total Gross Revenue</b>	<b>\$9,705,150</b>	<b>Before platform fees</b>
User Base	Active Users (End of Year)	19.5M+	Growing from 2.4M+ in Q1
User Base	Paying Customers (Premium)	~1.185M	Based on 3% conversion rate

Beyond these core financial and user metrics, the project offers some key strategic pluses. A successful launch should boost our studio's brand recognition and reputation, positioning us as a key player in the retro-arcade space, especially if the planned Retro World Series sponsorship goes ahead. Also, the development work itself provides benefits, like creating tech we can reuse for future games and building a user base we can market to later, perhaps even for remasters of older studio titles.

## Expected Disbenefits

While the project looks promising, we need to be realistic about the unavoidable costs and potential downsides. The biggest financial hit is the standard fee that mobile platforms charge for distribution – something we can't avoid.

Key quantifiable disbenefits and ongoing costs include:

<b>Disbenefit Type</b>	<b>Description</b>	<b>Estimated Cost/Impact (Year 1)</b>	<b>Notes</b>
Platform Fee	Deduction from Gross Revenue	~\$2,911,545	Assumes standard 30% rate
Operational Cost	Server/Infrastructure	~\$12,000	Placeholder Estimate - Annual
Operational Cost	Maintenance/Support	~\$8,000	Placeholder Estimate - Annual
Operational Cost	Customer Support	~\$15,000	Placeholder Estimate - Annual

Beyond these direct costs, there are strategic considerations. Putting resources into this project means we can't use those same people and funds on other potential ideas at the

same time – that's the opportunity cost. There's also a small chance it might draw some attention or revenue away from our existing games, but we think this risk is low given the different genre.

## Timescale

We're planning for the project to take **12 months** from kick-off to launch day, which is pretty standard for mobile game development. Here's a quick look at the main phases (the detailed schedule is in the Project Plan):

Phase	Duration	Key Deliverables Focus
Pre-production	2 months	GDD, Tech Spec, Art Style Guide, Prototypes
Production	7 months	Core Gameplay Loop, Levels 1-3, Assets, Alpha Build
Alpha/Beta Testing	2 months	Levels 4-5, Feature Complete, Bug Fixing, Beta Build
Launch Preparation	1 month	Polishing, Store Submission, Marketing, Gold Master

Benefits start rolling in after launch (from Month 13). The initial market research (\$7,500) gets done right at the start in Month 1. The first marketing push (\$75,000) happens leading up to and during the launch. Revenue should start coming in during the first quarter after launch, with user numbers growing each quarter. The second marketing campaign (\$150,000) and the potential Retro World Series Sponsorship (\$50,000) are planned for the end of the second quarter after launch. We anticipate hitting the break-even point sometime in that second quarter, depending on the final development budget.

## Costs

Project costs fall into two main buckets: the initial investment needed to get things started and the ongoing operational costs after launch.

### Initial Investment Costs Summary:

Category	Cost (\$)	Notes
Market Research	7,500	Mandated Pre-development (Game Seed)
Initial Marketing Campaign	75,000	Mandated Launch Campaign (Game Seed)
Est. Development Costs	~500,000	Placeholder - Requires Project Plan Budget
<b>Total Estimated Initial</b>	<b>~582,500</b>	<b>Subject to final Project Plan Budget</b>

### Ongoing Costs Summary (Post-Launch - Year 1):

Category	Cost (\$)	Notes
Second Marketing/Sponsorship	200,000	Q2 Post-Launch (Game Seed)
Est. Server/Infrastructure	~12,000	Placeholder - Annual Estimate
Est. Maintenance/Support	~8,000	Placeholder - Annual Estimate

Category	Cost (\$)	Notes
Est. Customer Support	~15,000	Placeholder - Annual Estimate
<b>Total Estimated Ongoing</b>	<b>~235,000</b>	<b>Excludes variable Platform Fees</b>

It's really important to keep in mind that the platform fees (likely around \$2.9M in the first year) come directly out of the revenue we make and are separate from these operational running costs. All these cost estimates need to be fleshed out with detailed justifications in the Project Plan's budget section.

## Investment Appraisal

The following table gives a rough projection of the cash flow for the first year, based on the initial revenue estimates and our cost projections. Platform fees are taken out each quarter from the gross revenue.

Item (USD)	Initial Investment	Q1 Post-Launch	Q2 Post-Launch	Q3 Post-Launch	Q4 Post-Launch	Total Year 1
<b>Gross Ad Revenue</b>	0	86,400	201,600	432,000	702,000	1,422,000
<b>Gross Premium Sales</b>	0	503,280	1,174,320	2,516,400	4,089,150	8,283,150
<b>Total Gross Revenue</b>	<b>0</b>	<b>589,680</b>	<b>1,375,920</b>	<b>2,948,400</b>	<b>4,791,150</b>	<b>9,705,150</b>
<b>Platform Fees (30%)</b>	0	-176,904	-412,776	-884,520	-1,437,345	-2,911,545
<b>Net Revenue</b>	<b>0</b>	<b>412,776</b>	<b>963,144</b>	<b>2,063,880</b>	<b>3,353,805</b>	<b>6,793,600</b>
<b>Development Costs</b>	-500,000	0	0	0	0	-500,000
<b>Initial Marketing/Research</b>	-82,500	0	0	0	0	-82,500
<b>Ongoing Costs (excl. Marketing)</b>	0	-8,750	-8,750	-8,750	-8,750	-35,000
<b>Second Marketing Campaign</b>	0	0	-200,000	0	0	-200,000
<b>Quarterly Net Cash Flow</b>	<b>-582,500</b>	<b>404,026</b>	<b>754,394</b>	<b>2,055,130</b>	<b>3,345,055</b>	<b>5,976,100</b>
<b>Cumulative Cash Flow</b>	<b>-582,500</b>	<b>-178,474</b>	<b>575,920</b>	<b>2,631,050</b>	<b>6,000,000</b>	<b>6,000,000</b>

*Note: Remember, the Development and Ongoing cost figures here are placeholders and need to be confirmed by the final Project Plan.*

### Key Financial Metrics Summary (Based on Estimates):

<b>Metric</b>	<b>Value</b>	<b>Notes</b>
Total Initial Investment	~\$582,500	Requires final Project Plan Budget
Total Net Revenue (Year 1)	~\$6,793,605	After estimated 30% platform fees
Total Operational Costs (Year 1)	~\$817,500	Excl. platform fees; Incl. marketing
Estimated Net Profit (Year 1)	~\$5,976,105	Based on current estimates
Estimated ROI (Year 1)	>1000%	Highly positive based on estimates
Estimated Break-even Point	Q2 Post-Launch	Based on cumulative cash flow projection

## Major Risks

Like any mobile game development, this project has its risks. Here are the main ones we've identified so far, pulled from our detailed Risk Register. We've summarized the plans to handle them here, but the full details are in the register.

*We keep a detailed list of all risks, how likely they are, their potential impact, and exactly what we plan to do about them in the main Prismatic Peril Risk Register.*