SG NORTH CASE STUDY

SG NORTH SHUTS DOWN 1,000+ FRAUDULENT ACCOUNTS

CHALLENGES

With a high volume of chargebacks on virtual goods from fraudsters, and businesses violating terms by selling their products on third-party sites, SG needed more than six in-house programs to manage fraud.

SOLUTIONS

iovation's fraud prevention solution added fraud-fighting strength to the business without interfering with the players' experience or processing speed, and without sharing personally identifiable information (PII).

RESULTS

iovation empowered SG to uncover hidden relationships between devices and accounts, detects and prevent fraud across multiple gaming sites, and permanently shut out repeat offenders.

SGNORTH

ONE OF THE WORLD'S LARGEST MMORPG PUBLISHERS USES IOVATION TO KEEP THEIR GAMES SAFE FOR THEIR VALUED PLAYERS, AND THE FRAUDSTERS OUT.

Located in Southern California and established in 2006, SG North, formerly Ntreev USA, specializes in online game development and publishing. SG North publishes the MMORPG Trickster Online Revolution, the action brawler MMO title Grand Chase, and Pangya.

Trickster Online realizes his dream video game on Caballa Island to become the ultimate Trickster. Trickster Online Revolution features extensive character development, drilling system to collect cool items and offers a new way to gain experience points.

Grand Chase is an online action brawler set in a medieval fantasy world. It follows the story of a few brave young knights who join a group of nobles known as the "Grand Chase" to defeat an evil usurper to the throne, a villainess known as Kaze'aze. Grand Chase combines traditional side-scrolling dungeon crawling with intense, skill-based player vs. player (PvP) matches.

PangYa follows the time-honored tradition of the game that saved the Isle of PangYa from the evil Demon King. Gain fame and fortune in this exciting, cute Golf MMO.

> **THE MOST SATISFYING RESULT FROM IMPLEMENTING IOVATION IS THAT IT HELPS US DO OUR JOB TO BECOME INVOLVED WITH OUR PLAYERS. IT EMPOWERS US AND ENABLES US TO SERVICE CUSTOMERS MORE EFFECTIVELY.**
>
> **Daniel Noss**
> Game Operations Manager, SG North

SG North offers localization, translation, quality assurance, account administration and billing services for games, while

the software is developed by sister companies or other industry developers. Ntreev's games are 100% free play with a microtransaction model, offering items to players in their item malls. However, SG North players can move between a level zero to a max level on any character without spending any money.

Often times, players like to differentiate their characters and show individuality to stand out while enjoying what they do. Players have the option to enhance their gaming experience by looking different or choosing new or different weapons, while remaining competitive in their game. SG North has gone to great lengths to balance paid and free players and many times free players bring enough skill to counteract the paid players.

Players use different mediums to add money and recharge their points for spending within the game store or on the SG North website. Approximately 90% of these microtransaction purchases are permanent items, while others are temporary or have a limited game time.

SG North's growth comes primarily from word-of-mouth. Since the games are free play, the only barrier to entry is the act of downloading the game. Since the target bracket for their audience is 14 years and up, SG North is committed to providing their players with a safe and secure site.

Chargebacks became a major problem

The common problem with the video game market is the high amount of chargebacks that take place. Within many MMOs, players execute microtransactions to purchase virtual goods. They try them out for a while and then make a decision to charge them back.

In other situations, a child may have taken possession of a parent's credit card and used it inside a game. The parent calls the gaming company to fight the charge and the gaming company educates the parent on what took place and how to avoid it from happening in the future. The gaming company can easily verify the device used to play the game, its location, the IP address and internet service provider (ISP) to confirm that it came from the household.

The worst problem is career fraudsters. They create glass houses, or businesses that make money on purchasing or selling discounted goods within games. These criminals create bunk accounts, purchase goods, sell them in the real world, and then charge it all back— basically getting paid twice. The accounts they create within the games are trash accounts, literally hundreds created knowing that they will be shut down.

Player violations of terms of service

Anyone playing SG North games has specific responsibilities and must agree to the terms of service upon setting up their account. To name a few, players may not access or use the services to:

- Spam or send unsolicited messages
- Defame, abuse, harass, stalk, threaten or otherwise violate the rights of others
- Publish harmful, abusive, vulgar, defamatory, libelous, obscene information
- Advertise or offer to sell or buy any goods or services
- Collect information about others, including email addresses
- Use auto software programs or other cheat utility software programs
- Use services for fraudulent transactions, including fraudulent in-game virtual transactions
- Impersonate or create false identities

Managing players who violate the terms of service is a difficult undertaking. Pressures were mounting with chargebacks growing, career fraudsters advertising SG North products on other sites for discounted or free prices, and players violating the terms of service. SG North knew it was time to find a third-party proven solution for fraud detection and prevention.

Tool evaluation

SG North considered building a fraud management solution in-house, however, it would be very expensive and as a gaming publisher, they work with more than just their own products. Since SG North partners with many companies, they required a multi-faceted solution built to scale with existing partners and future partners.

The criteria for selecting a fraud detection tool included:

1. Partner must understand the gaming industry, the terms, player needs, etc.
2. Tool must be user-friendly for fraud managers
3. Solution must not slow the process after integration
4. Solution must be safe and not require personally identifiable information on players
5. When SG North publishes new games, solution must integrate seamlessly

Solution: iovation FraudForce

After evaluating fraud management vendors, SG North chose to partner with iovation. Their fraud prevention solution was the only service to effectively and efficiently meet all selection criteria.

SG North began the integration process in March 2008 and it took only 30 days to see significant results. Daniel Noss, SG North's Game Operations Manager, stated, "The iovation reporting tool is very user-friendly. Our internal associates were able to pick it up fully in just one week's time." Once the reputations had a chance to develop and iovation FraudForce was integrated into all of the right points, the device lists and accounts associated with those devices began expanding exponentially. After 30 days, we were making real-time decisions on fact-based fraudulent evidence associated with devices.

Results Beyond Expectations

One particular instance showcased iovation success. A team of fraudsters had been advertising SG North products for discounted and free prices. SG North watched their products slowly disappear from what they offer their players. Day after day, this battle seemed impossible. Since SG North does not work with anyone but their existing partners, this was very alarming. Clearly this was illegal and broke their terms of use. Players would go to SG North's gaming sites, create "mule" or "trash" accounts, gift items to other players, then go through trash accounts to charge the items back. Within only a few months using iovation FraudForce, iovation had them all closed down. Much satisfaction resulted from seeing the fraudulent site post a notice to its visitors, "Sorry, these items are all sold out."

The shared database of device reputations now available to SG North is another key advantage of the iovation solution. All iovation clients, regardless of industry, can share fact-based fraudulent evidence with other clients. SG North is able to not only stop repeat offenders, but can take preventive measures against future fraudulent attempts. Using the shared information from other clients, SG North now knows when a device connecting to their games has been involved with credit card fraud at other sites.

SG North provides a safe and secure environment

Working with iovation's fraud prevention allows SG North to protect their valued players from online abuses, as well as potential fraud such as identity mining and credit card abuse. iovation helps SG North provide better client service and they can do it with one simple, but powerful tool.

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