



**SG INTERACTIVE**

**“ 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 Interactive

## SG Interactive Tackles Chargebacks and Terms of Service Violations with Device Reputation

One of the world’s largest MMORPG publishers uses iovation to keep their games safe for their valued players, and the fraudsters out.

### Challenge

- High volume of chargebacks on virtual goods from fraudsters
- Businesses violated Ntreev terms by selling their products on third-party sites
- Over six in-house programs and various databases necessary to manage fraud

### Solution

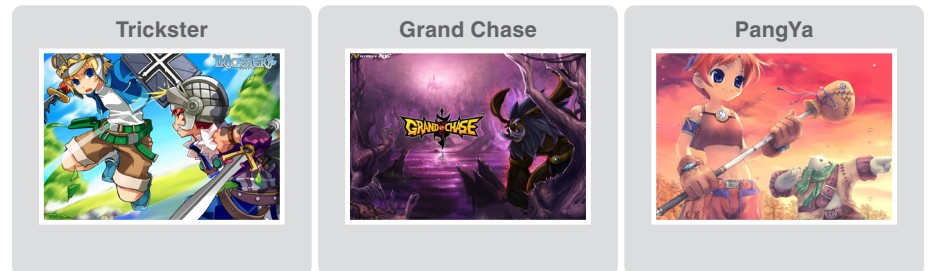
- A partner who understands the gaming industry, terms, and player needs
- No interference with player’s experience or processing speed
- No sharing of personally identifiable information (PII)

### Results

- Hidden relationships uncovered between devices and accounts
- One powerful tool effectively detects and prevents fraud across multiple gaming sites
- Repeat offenders are now shut out, resulting in incredible ROI

## Company Overview

Located in Southern California and established in 2006, SG Interactive, formerly Ntreev USA specializes in online game development and publishing. SG Interactive 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.

SG Interactive 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 Interactive 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 Interactive 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 Interactive website. Approximately 90% of these microtransaction purchases are permanent items, while others are temporary or have a limited game time.

Ntreev'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 Interactive 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, 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 Interactive 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 Interactive products on other sites for discounted or free prices, and players violating the terms of service. SG Interactive knew it was time to find a third-party proven solution for fraud detection and prevention.

## Tool evaluation

SG Interactive 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 Interactive 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 Interactive publishes new games, solution must integrate seamlessly

## Solution: iovation ReputationManager

After evaluating fraud management vendors, SG Interactive chose to partner with iovation. They were the only vendor to effectively and efficiently meet all selection criteria.

SG Interactive began the integration process in March 2008 and it took only 30 days to see significant results. Daniel Noss, SG Interactive'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 ReputationManager 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.

**“ SG Interactive was able to see the marvel of the iovation system immediately, and took action against 1,000+ fraudulent and problematic account users. This was done with only a handful of committed internal associates. iovation has given us the firepower necessary to feel confident about the promise we've made to each and every player ... every last one of the millions we have. ”**

Daniel Noss, Game Operations Manager, SG Interactive

## Results Beyond Expectations

One particular instance showcased iovation success. A team of fraudsters had been advertising SG Interactive products for discounted and free prices. SG Interactive watched their products slowly disappear from what they offer their players. Day after day, this battle seemed impossible. Since SG Interactive 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 Interactive'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 ReputationManager, 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 Interactive is another key advantage of the iovation solution. All iovation clients, regardless of industry, can share fact-based fraudulent evidence with other subscribers. SG Interactive is able to not only stop repeat offenders, but can take preventive measures against future fraudulent attempts. Using the shared information from other subscribers, SG Interactive now knows when a device connecting to their games has been involved with credit card fraud at other sites.

### **SG Interactive provides a safe and secure environment**

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



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To learn more about iovation ReputationManager™ and how it helps organizations fight online fraud and abuse, visit [www.iovation.com](http://www.iovation.com).



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