

# BREW® Gaming in Emerging Markets – India and China

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*Indiagames Ltd.*



## Indiagames...

- **Leading global mobile publisher and developer - 270+ people – Mumbai, Los Angeles, London and Beijing**
- **Distribution across 65 countries 115+ channels all major mobile operators & wireless channels**
- **Licensing deals with Fox, Universal, Miramax, King features, New Line Cinema**
- **Product licenses like The Office, Jurassic Park, Bruce Lee, Buffy, Mummy, Phantom, Predator, Scorpion King, Mask to name a few**

# “Who wants to be a Millionaire”

What is the primary way to access the internet in Asia?

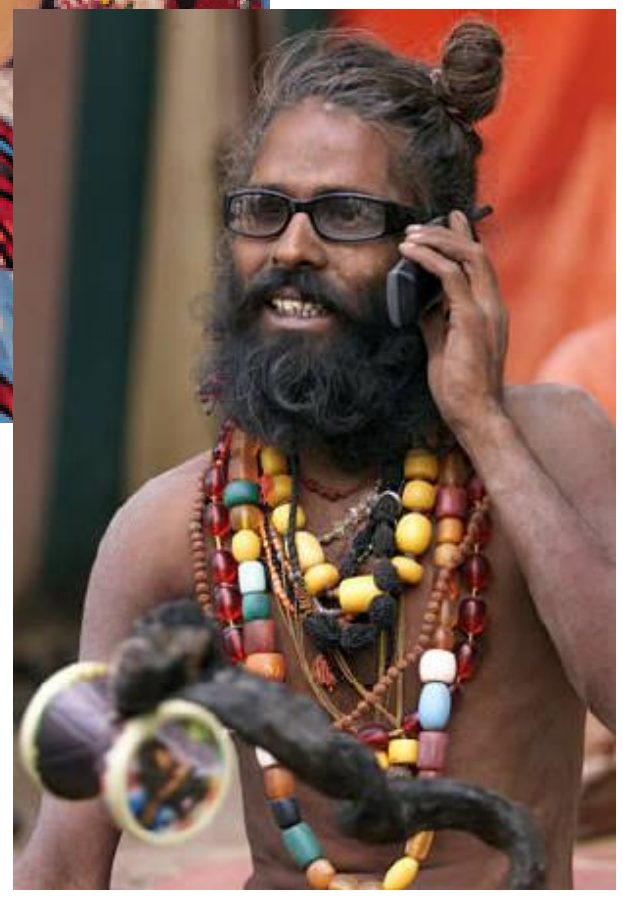
◆ **A:** Internet Cafes

◆ **B:** Mobile

◆ **C:** Home PCs

◆ **D:** Office PCs

# Asia



# India & China

## The “real” mass markets

- **India & China with combined population of over 2 billion**
- **Mobile is becoming the “common man’s” gateway to the internet**
- **Big “youth” population which is the ideal target segment for entertainment services**
- **Growing economies**

# Same Same, but different

## India

- English primary language
- Bollywood music and movies rule
- Fragmented mobile operator base (far too many)
- JAVA, BREW
- Handsets :Nokia, Sony Ericsson, Samsung
- Price points comparable to Eastern Europe

## China

- Chinese localization a must
- Chinese music and movies rule
- Controlled by China Mobile and China Unicom
- JAVA,BREW,UNIJA
- Handsets: Nokia, Motorola, Bird and other local handset companies
- Low price points



# Mobile carriers in India



- **GSM (all Java across 2 to 20 circles)**
  - Bharti, Hutch, Spice, BPL, Dolphin, Cellone, Idea
- **CDMA (Java & BREW )**
  - Reliance, Tata

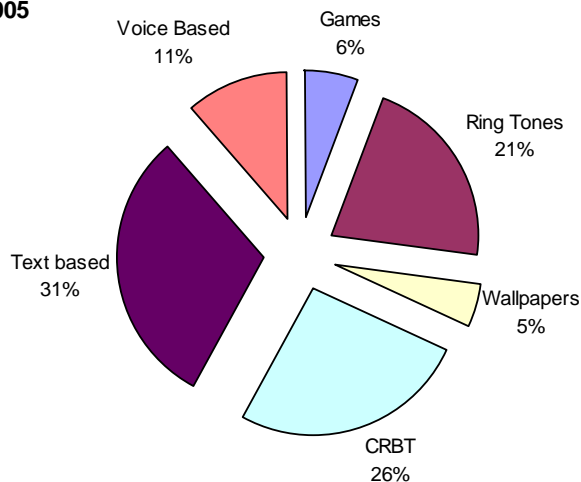


# How the games business is different from other VAS services

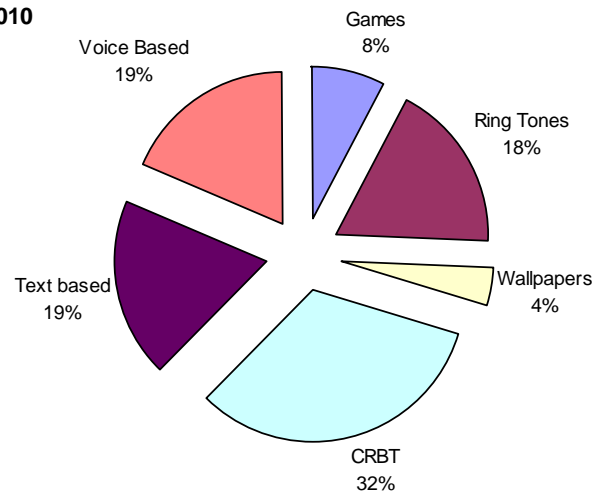
- **Creating or acquiring a brand – cost**
- **Production schedule**
  - 1 month - 9 months
- **Skill set**
  - Designers / Programmers (Java, BREW, Flash) / Graphics/ 3D Graphics /Testers
- **Positioning and marketing**
  - Target audience
  - Who spends the marketing \$?

# Market estimates...

India W-VAS - 2005



India W-VAS - 2010



India W-VAS	2005	2006	2010	CAGR	% share of total 2005	% share of total 2010
Games	\$4	\$11	\$67	72%	6%	8%
Ring Tones	\$17	\$37	\$154	56%	21%	18%
Wallpapers	\$4	\$9	\$33	54%	5%	4%
CRBT	\$20	\$63	\$278	69%	26%	33%
Text based	\$24	\$51	\$162	47%	31%	19%
Voice Based	\$9	\$41	\$158	78%	11%	19%
<b>Total \$ mn</b>	<b>\$78</b>	<b>\$212</b>	<b>\$852</b>	<b>61%</b>	<b>100%</b>	<b>100%</b>

# IDC estimates of W-VAS in India

India Wireless Consumer Applications Revenue, 2004-2009 (US\$M)

	2004	2005	2006	2007	2008	2009	2005-2009 CAGR (%)
Games	2.53	10.51	22.37	41.47	72.15	106.67	59.0
Growth (%)		316.2%	112.8%	85.4%	74.0%	47.9%	
Information Services/ Contests	28.83	42.19	54.61	66.92	77.03	86.66	15.5
Growth (%)		46.4%	29.4%	22.5%	15.1%	12.5%	
Music	1.79	2.97	4.50	5.50	6.49	7.19	19.3
Growth (%)		66.6%	51.3%	22.2%	18.1%	10.7%	
Ringtones/ Graphics/ Wallpapers	10.82	36.57	60.02	84.24	101.52	119.24	26.7
Growth (%)		237.9%	64.1%	40.3%	20.5%	17.5%	
Video/TV	0.41	1.89	4.61	9.93	16.92	27.33	70.7
Growth (%)		365.0%	144.6%	115.3%	70.4%	61.5%	
<b>Grand Total</b>	<b>44.37</b>	<b>94.13</b>	<b>146.11</b>	<b>208.05</b>	<b>274.12</b>	<b>347.10</b>	<b>29.8</b>
Growth (%)		112.2%	55.2%	42.4%	31.8%	26.6%	



Source: IDC, August 2005

# Business model

- **Revenue share as low as 20% for CPs with a maximum of 42.5% of EUP**
  - Usually no charge for data or previews thus the skew is not as wide vs. r.o.w.
  - Operators pushing for higher revenue share

<i>Regions</i>	<i>Based on EUP</i>	<i>Examples</i>
APAC	55%	Singtel, Maxis, Smartone+, Hutch HK
Americas	65%	Cingular, Sprint, Verizon*
India	31%	Airtel, Hutch, Reliance

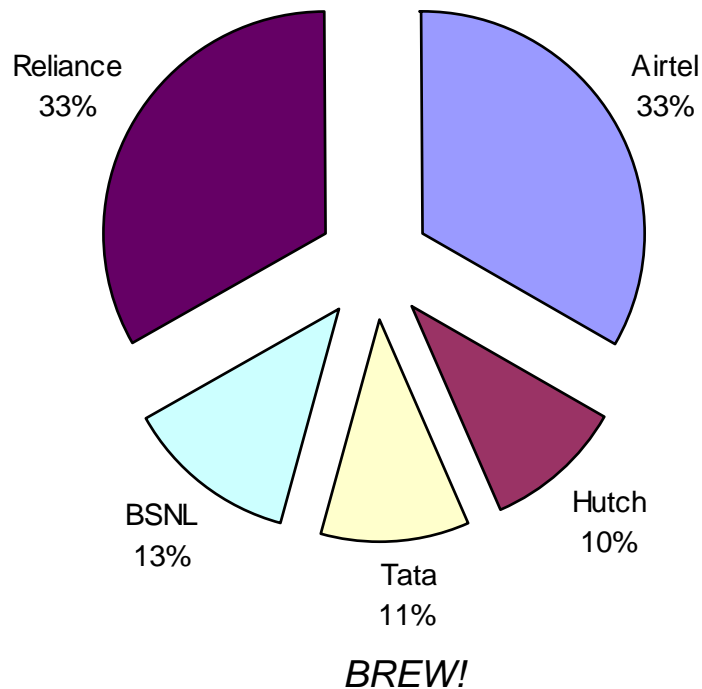
- **Multiple revenue models offered by operators**
  - Pay per download : \$1-\$3 – price inelastic
  - Subscription: \$1 per game to \$2 for a channel / month
  - Try and buy: Free trial for 3-5 attempts prior to purchase
  - Pay per play : \$0.04 upto a record high of \$0.33 per play !

## What sells, where and when

- **Cricket, Racing, Bollywood (male targeted content) and Religion**
- **Delhi, Rajasthan, Karnataka, Andhra Pradesh, Punjab are amongst the top circles for gaming content**
- **Download spikes at lunch time 1 - 3 pm, travelling back home 5 - 7 pm and after dinner 10-12 am**

# Key Players and Market Shares

Approximate Market Shares



*Source: Anecdotal evidence and IG – Best estimates only – actuals could vary significantly*

# Data discovery – the biggest challenge in GSM

- **Approximately 80 mn of total subscribers are on GSM**
  - Airtel largest @ 19.6 mn
  - Data subscribers?
- **The 25%/25%/25% metric**
  - 25% data enabled phones
  - 25% subscribe to data services
  - 25% to games
  - Addressable market of 6%
- **22 mn+ subscribers on CDMA 1x**
  - No issue of data discovery Addressable market of 100%

## Growth and Pricing – chicken and egg

- **Growth is far more sedate than a few months ago**
  - Early adopters have been saturated in the GSM world
- **Business model demands a certain price point – up to 10x of a wall paper!**
- **Higher pricing also leads to higher billing leakage issues with pre-paid customers**
- **Will there be mass adoption when prices drop ?  
Are we at the juncture of voice at Rs. 6 per minute waiting to go to Rs. 1?**

# Regulation

- **Applicability of Taxes**
  - VAT / Service Tax
- **No recommended benchmark for pricing of VAS services**
- **Lack of any support for the content provider community**
  - Revenue share regimes

## **BREW in India some interesting Facts!**

- **BREW users download 8x more than Java counterparts**
- **BREW billing and consumer experience is far superior**
- **BREW is easier to port and code**
- **BREW Rocks.... Tata even though has much lower subscriber base has a much higher games market share..**

# Trends

- **Impending second wave of growth**
- **Games revenues exceed ringtone and wallpaper**
- **Subscription model with sachet pricing will become prevalent**
- **Penetration of Multi-player and 3D gaming**
- **Brands in the mobile space**
- **Consolidation and increasing presence of international players**

# “Who wants to be a Millionaire”

Which will be the biggest gaming market in the world by 2010?

◆ **A:** India

◆ **B:** China

◆ **C:** Japan

◆ **D:** USA

Depends on the piracy % 😊

but on BREW 0% piracy!

Which will be the biggest gaming market in the world by 2010?

◆ A: India

◆ B: China

◆ C: Japan

◆ D: USA