Gaming Industry Analysis
An Opportunity Analysis by Draup

Conceptualized and Developed: July-2020

These are the snippets from our report on Gaming Industry Analysis and Opportunities for Technology Service Providers (TSP)

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Report Profile

01 Gaming Industry Market Overview

02 Gaming Industrial Landscape

03 Market Trends

04 Research Areas

05 Outsourcing Analysis

06 Opportunity Areas

Topics Covered:
- Covid19 Impact
- Gaming Industry Market Growth
- Market Overview across Region
- Gaming Revenue By Region
- Gaming Market Revenue By Publisher

Topics covered only in the Full Report

Topics covered only in the Snippets Report

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Covid19 Impact: The gaming industry is laser-focused on increasing engagement per user by not only making video games as compelling as possible, but the adoption of in-game monetization opportunities like downloadable content (DLC) (expansion packs, new features, tools and characters, and “loot boxes”)

Gaming Industry Support to COVID19

The gaming industry is supporting community initiatives to mitigate the effects of COVID-19. These include charitable pledges worth millions of dollars, the donation of surplus computational power to help researchers better understand the coronavirus, and solidarity response funds to help medical workers, children at risk and employees who have been adversely affected.

Long-term Transformation

- Delivery of games via mobile and cloud-based platforms
- Widening of monetization avenues through subscription and free-to-play model
- Increase its partnerships with other entertainment sectors
- Normalization of esports

Growth In Gaming Platforms

<table>
<thead>
<tr>
<th>Gaming Platforms</th>
<th>Jan2020 Hours watched(Millions)</th>
<th>March2020 Hours watched(Millions)</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>twitch</td>
<td>1,014,936,636</td>
<td>1,203,456,281</td>
<td>16%</td>
</tr>
<tr>
<td>mixer</td>
<td>352,582,936</td>
<td>388,235,801</td>
<td>10%</td>
</tr>
<tr>
<td>mix</td>
<td>188,673,225</td>
<td>190,822,752</td>
<td>2%</td>
</tr>
<tr>
<td>facebook</td>
<td>27,949,020</td>
<td>29,418,497</td>
<td>5%</td>
</tr>
</tbody>
</table>

Key Initiative

#PlayApartTogether by WHO, where Activison Blizzard, Riot Games, Zynga, Kabam, Unity, Twitch and YouTube Gaming are some of the companies that have signed up for a wider distribution of awareness campaigns.

Game streaming platform Twitch which has 15 million daily active users, conducted a 12-hour charity stream involving Fortnite and UNO competitions to benefit WHO’s solidarity response fund for covid-19.

Key Highlights

- In the short-term, COVID-19 might have a positive impact on the gaming sector, as people forced to stay at home look for ways to entertain themselves.
- The 39% increase in global mobile game downloads recorded in February 2020 by app analytics firm Sensor Tower was largely attributed to the lockdown imposed in China.
- Popular title Honor of Kings, published by Tencent Games, hit an all-time high for daily average users during the last week of January 2020. As well as more downloads, game publishers are reporting an increase in revenue from in-game purchases, which they are also attributing to global restrictions on movement.
- The medium to long-term picture may not be so optimistic. Several major trade events in the industry’s calendar - including E3, the year’s biggest gaming show which normally takes place in June - have been canceled.
- These trade events are vital to the industry as they are where new consoles and games are launched, and ground-breaking partnerships are announced.

Source: weforum, livemint, oxfordbusinessgroup, covid19 who int, globenewswire, statista
The Global Gaming Market is expected to generate revenue more than $165Bn in 2020, with the major growth driven by the emerging markets such as India and Southeast Asia.

### Key Trends

#### Market Growth

Hyper Casual Games games typically have intuitive mechanics that can remain consistent throughout gameplay or can require more dexterity as the game increases in difficulty.

**Serious Gaming**

A serious game is a game whose primary design purpose is other than pure entertainment and applied for training and teaching purposes in various end-user industries.

**AR/VR**

AR/VR are made actively available to the customers at affordable price. VR is relevant for games where the gaming experience is of primary importance whereas AR games have relevant real-world content and are easily implementable.

**Adoption of E-Sports**

The most common genres of video games associated with e-sports are real-time strategy, combat, first person shooter (FPS) and multiplayer online battle arena (MOBA).

#### Market Segmentation

**By Platform**

- Mobile Phones
- PC
- Console

**By Revenue Model**

- Advertising
- Pay to Play
- Freemium

**By Region**

- Asia Pacific: China
- North America: United States
- Europe: Germany

#### Revenue (Bn USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>138.7</td>
</tr>
<tr>
<td>2019</td>
<td>152.1</td>
</tr>
<tr>
<td>2020</td>
<td>164.6</td>
</tr>
<tr>
<td>2021</td>
<td>178.2</td>
</tr>
<tr>
<td>2022</td>
<td>196.0</td>
</tr>
</tbody>
</table>

CAGR +9.0%

Note: The above insights are curated through various strategic and tactical signals triggered in Draup Platform from news articles, journals and other similar sources.
Growing Mobile users and the introduction of 5G Enabled gaming handsets will be the key revenue drivers of the future gaming market

<table>
<thead>
<tr>
<th>Region</th>
<th>Key locations</th>
<th>Top Players</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>United States, Canada</td>
<td>Microsoft</td>
</tr>
<tr>
<td>South America</td>
<td>Brazil and Mexico</td>
<td>Mundo Gaturro, Uruguy Kingdom Rush</td>
</tr>
<tr>
<td>Europe</td>
<td>Germany, UK, And France</td>
<td>Tencent</td>
</tr>
<tr>
<td>APAC</td>
<td>China, Japan, and South Korea</td>
<td>Nintendo</td>
</tr>
</tbody>
</table>

**Market Overview**

- **Revenue is expected to show an annual growth rate (CAGR 2020-2024) of 1.3%, resulting in a projected market volume of US$20,543m by 2024.**
- **New console and gameplay system releases are expected to help reinvigorate the industry, bringing consumers back into the Video Game industry, albeit at a heavy cost to hardware manufacturers.**

- **The biggest market by revenue is Asia-Pacific with almost 50% of the games market by value.**
- **Due to adoption of esports, the increase of video game through console is increasing and will accumulate more growth in the future. Esports and MMO games are the obvious future of the video game industry.**

- **In Latin America, the principal games markets are Mexico, Brazil, and Argentina. Mobile is the most popular platform, but the region is also seeing growth in PC and console gaming.**
- **In terms of game development, recent years have seen numerous success stories, including Mundo Gaturro, developed in Argentina, and Uruguay’s Kingdom Rush.**

- **Europe games market is majorly acquired by the Western Europe countries. With more than 90% penetration of smartphones in Europe, more than 30% population of Europe plays games online on their smartphones. More than 60% of all registered gaming companies in Europe are registered in the last five years, boosted by the Smartphone revolution.**
- **Government agencies in Europe are increasingly adopting serious gaming to train personnel of different departments. Europol has developed a game that aims at teaching law enforcement officers on tackling crypto crime.**

**Total Market Value** ~165 Bn

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Topics Covered:
- Gaming Industry Value Chain
- Gaming Industry Technology Stack
- Gaming Industry Ecosystem
- Gaming Industry Landscape

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Game Value Chain: The progressive shift to online gaming has introduced new methods of distribution and has begun to re-organize the traditional value chain

- Concept Creation and Feasibility Testing
  - Involves Concept Creation
  - Publisher validates the concept and finds the market opportunity
  - Creation of story Board, 3D pre production, Character Drawing
  - Game Engine Decision (Console, Mobile Phones, PC and Online)

- Pre Production
  - Programming
  - Interactive Protyping
  - Debugging
  - 3D Art Asset Building. This includes Character Modeling, design and Modeling and Texturing

- Development
  - Involves Final sound Recording, Colour Testing and special sound effects
  - The final product is delivered to the publisher
  - Game made Compatible with various Graphic cards/ Handsets (for Mobile Gaming)

- Post Production and Testing
  - Programming
  - Interactive Protyping
  - Debugging
  - 3D Art Asset Building. This includes Character Modeling, design and Modeling and Texturing

- Gold Release
  - The final product is delivered to the publisher

- Final Testing and Porting
  - The final product is delivered to the publisher

- Distributors and Retailers
  - Acts as a marketing and distribution intermediary between developers, publishers and retailers

Retail Driven Value chain
- Developer
- Publisher
- Distributors
- Retailers
- Consumers

Mobile Driven Value chain
- Developer
- Distributors
- Consumers

Online Driven Value chain
- Developer
- Consumers

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Topics Covered:
- Market Shareholders
- Initiatives
- Startup Ecosystem

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Market Leaders like Microsoft is paving the way for its cloud gaming service (codenamed xCloud) with its Xbox Game Pass offering in mid 2020.

Edgegap improved the online game experience for customers of an unnamed game studio. Gamers play across networks involving distant cloud installations, accruing the latency that comes with longer distances.

The Arbitrium software was able to cut the average round-trip time (the time it takes to send a packet to a destination and get it back) per player by 46.5% compared to using the cloud. Edgegap reduced average round trip time per match by 36%.

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South Korean online game developer Nexon announced to invest $1.5 billion in other listed entertainment companies for creating and sustaining strong intellectual properties across multiple markets, in multiple formats for long periods of time.

Ubisoft produced an idea for its digital showcase called Ubisoft Forward, an E3-style showcase with plenty of exclusive game news, exciting reveals, and much more.

Nintendo and Lego Group jointly announced a new product line that gives a boost to both businesses. Interactive Lego-themed Mario character who collects coins in real-life game levels created with Lego bricks.

BANDAI NAMCO Entertainment America Inc partnered with Giant Race Series presented by Alaska Airlines to excite and inspire families and individuals from all backgrounds to participate in fitness lifestyle events.

Google Cloud will serve as the preferred provider for Activision Blizzard's game hosting infrastructure and YouTube as its exclusive streaming partner worldwide, excluding China, for live broadcasts of its popular esports leagues and events.

Interactive Entertainment
- South Korean online game developer Nexon announced to invest $1.5 billion in other listed entertainment companies for creating and sustaining strong intellectual properties across multiple markets, in multiple formats for long periods of time.

Digital Showcase
- Ubisoft produced an idea for its digital showcase called Ubisoft Forward, an E3-style showcase with plenty of exclusive game news, exciting reveals, and much more.

Leveraging real life experience
- Nintendo and Lego Group jointly announced a new product line that gives a boost to both businesses. Interactive Lego-themed Mario character who collects coins in real-life game levels created with Lego bricks.

Wellness program
- BANDAI NAMCO Entertainment America Inc partnered with Giant Race Series presented by Alaska Airlines to excite and inspire families and individuals from all backgrounds to participate in fitness lifestyle events.

Digital Marketing
- EA Sports partnered with FIFA for a FIFA 20 eChallenger Series for Asia. Where real-life professional football players will team up with eSports gamers and social networking influencers to compete at a four-nation eChallenger series for Asia.

Cloud-Based gaming infrastructure
- Google Cloud will serve as the preferred provider for Activision Blizzard's game hosting infrastructure and YouTube as its exclusive streaming partner worldwide, excluding China, for live broadcasts of its popular esports leagues and events.

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**Topics Covered:**
- Research Across Major Technologies and New Age Talent Roles

Topics covered only in the Snippets Report
- Topics covered only in the Full Report

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**Research:** Integrating Multiple Data Streams will enable new opportunities to enhance gamer engagement and retention and increase video game revenue

**AR/VR**
VR can deliver stunning, photorealistic visuals at a quality rarely seen before in virtual reality environments using HDRP, which uses to create experiences bound only by your imagination.

**Key Research Areas**
- Development of VR Steam Games
- Immersive VR-experiences
- Instant AR
- Development of smart wearables
- Hand Tracking

**AI**
AI runs on the stores of information accessible to it and uses this data to make an existence where characters can live and perform basic actions.

**Key Research Areas**
- Usage of Synthetic media
- Realistic gaming
- Learning essential for adaptable games
- Smarter games
- Creating Authentic environment through better visuals

**Cloud**
Cloud gaming services are leveraging cloud capabilities, content delivery networks, and streaming media services to build the next generation of platforms for interactive, immersive, and social entertainment.

**Key Research Areas**
- Spectator gaming
- Development of Streaming Platform and Services
- Cloud Streaming
- Cloud Virtual Gaming
- Platform for interoperability for Games

**Traditional Job Roles in demand**
- UX developer
- Videogame developer
- Software developer
- Full stack developer
- Application developer
- Infrastructure Engineer
- Network Engineer
- Audio Engineer

**New age Job Roles in demand**
- VR developer
- Visual effect developer
- Graphics driver developer
- VR Audio Engineer
- Big Data ELT developer
- AI Software Engineer
- Game Data Scientist
- Android Engineer

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Research: The billion-dollar industry has grown from pixels to almost photo-realistic graphics and has spread from arcade machines to personal computers, consoles, mobile devices

Cross Platform play
Cross-platform allow different gaming platforms to share the same online servers in a game, allowing players to join regardless of the platform they own.

Blockchain Based Games
Blockchain in gaming enables interoperable profiles of players: Crypto traders and investors have the public address that they can use for transactions across different blockchain networks.

Emerging Gaming Technology

Facial Recognition
- 3D scanning and facial recognition technology allows systems to create personalized likeness in the gaming world.
- 3D camera could allow developers to create games that adapt to the emotions of the gamer by scanning 78 different points on a person’s face.

Voice Recognition
- Users can use voice commands to control gameplay, interact on social media, play selections from media library, or search the web, all by simply talking to gaming system.
- Voice controlled gaming has been around for a while, but the potential of using the technology in gaming systems has finally caught up to reality

Gesture Control
- Gesture control allows users to connect with their gaming experience by using the natural movements of your body.
- Using a 3D camera that tracks 22 separate points could allow users to have gesture-controlled gaming experience

On Demand Gaming
- Much like similar movie streaming services, the ability to stream video games is becoming more and more a reality, and it could lead game developers both big and small to compete for gaming

Key Research Areas
- Development of Cross Platform Games
- Cloud based Cross Platform games

Key Research Areas
- Security Optimisation
- In-Game Assets
- Fraud Detection
- Blockchain encryption

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Topics Covered:
- Service Provider Capability Analysis
- Key Vendor Engagements
- Opportunity Propensity Mapping

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