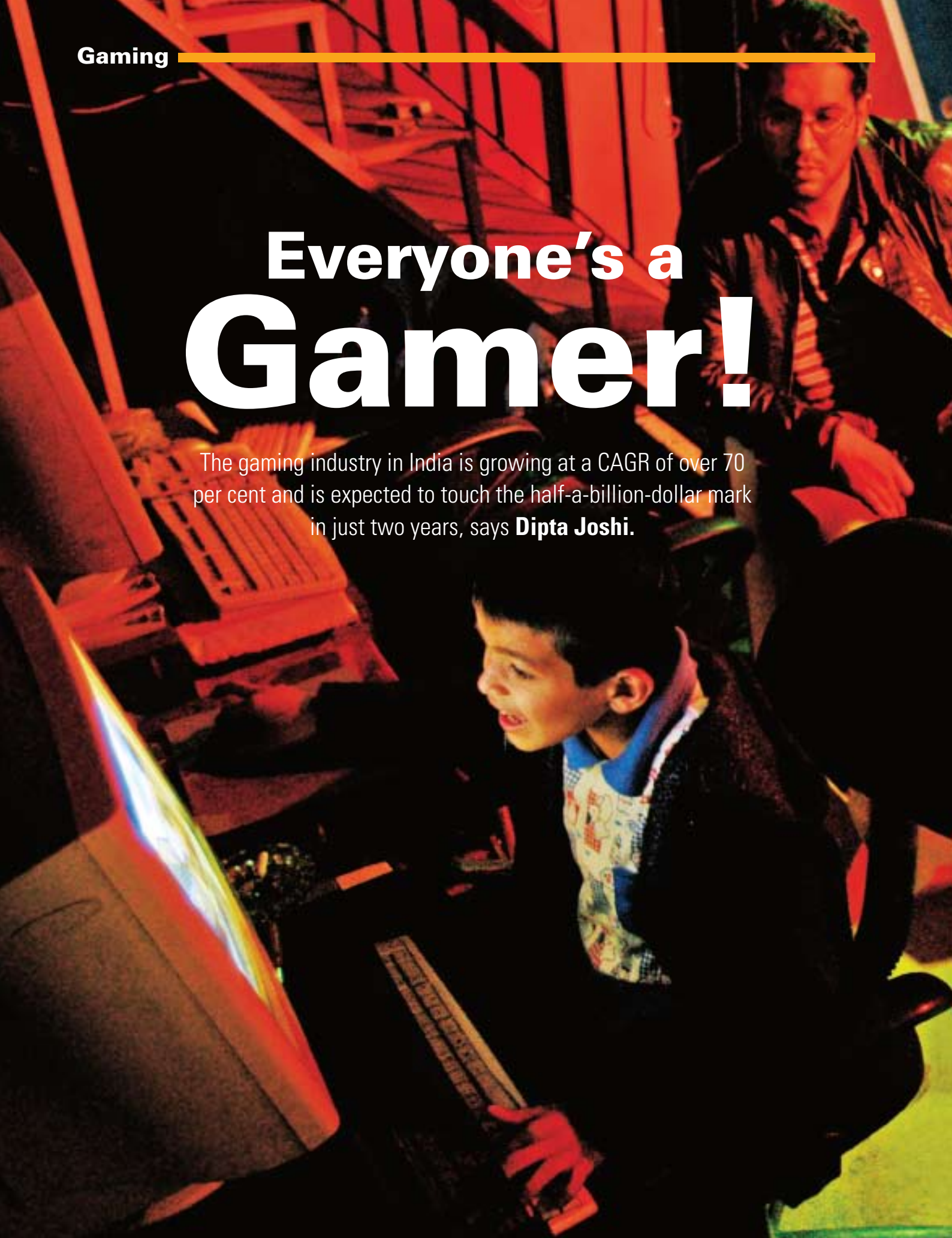


# Everyone's a Gamer!

The gaming industry in India is growing at a CAGR of over 70 per cent and is expected to touch the half-a-billion-dollar mark in just two years, says **Dipta Joshi**.





**G**aming is serious business as young urban Indians spend hours battling 'Agni', 'Crysis', 'Counterstrike' and 'Turbo Spirit' and even the world's best cricketing teams on Xboxes, PCs, mobiles and the Internet. Around 500-plus online casual gaming titles and close to 50 mobile-based games are launched in India every year.

As gaming fever catches on, there has been a sudden spurt in the number of companies catering to every aspect of gaming. Players like Zapak Digital Entertainment, Games2win, Indiagames and 7SeasTechnologies have their own gaming portals in addition to being involved in developing games. Companies such as Kreedaa Games India, Indiagames, 7Seas Technologies, Games2win, Dhruva Interactive and Nazara Technologies are also developing games in-house for various

gaming platforms. Aware of India's gaming potential, the world's largest producer of games, Electronic Arts (EA), has set up a centre in Hyderabad.

Microsoft's India Development Centre, also at Hyderabad, plays a crucial role in developing game titles and providing infrastructure support to all Microsoft platforms. In 2006, India's animation and gaming industry was estimated at almost \$50 million, while globally the market stood at \$21 billion. The National Association of Software and Services Companies (NASSCOM), the leading industry body for the software and services industry, expects India's gaming segment to touch the \$425 million-mark by 2010.

This would represent a 72 per cent compound annual growth (CAGR) over 2006-2010, much faster than the expected global CAGR of 18 per cent in the same period. Globally, the industry is expected

to touch \$42 billion by 2010. "India is fast emerging as a key one-stop destination for game development for international companies, which outsource game art works or develop characters for games in India," says L. Maruti Sanker, managing director, 7SeasTechnologies.

Almost 90 per cent of gamers in India are casual players, according to an Indian Market Research Bureau International (IMRB International) survey. Gaming companies believe these players will soon get hooked on to the digital entertainment segment. "India has been following China's footsteps regarding mobile and internet penetration," notes Rohit Sharma, chief operating officer, Zapak Digital Entertainment, part of the Anil Dhirubhai Ambani group (ADAG). "We expect it to do so in the gaming sphere too." Gaming has four categories or verticals: games played on one's personal computer (PC



**HERE WE COME:** With the proliferation of easily available multi-player and massive multi-player online games, PC-based games are becoming popular

based), console-based games (played via the Xbox or Play Stations), wireless or mobile games, and online games that need broadband connectivity. There are various genres of games (puzzles, sports, adventure etc) for each of these platforms. In India, the maximum share of the gaming pie is taken up by mobile gaming at 49 per cent of the market today. Console games – which includes Sony’s PlayStation 2 and 3, Microsoft’s Xbox 360 and Nintendo’s Wii – come next at 27 per cent. Online gaming and PC-based games account for about 12 per cent each. Worldwide gaming is turning more social, having gone from being just a single-player experience to a multi-player one. With a proliferation of easily available multi-player and massive multi-player online games (MMOGs), PC-based games are becoming popular.

**As the penetration of mobile phones, PCs and broadband connections rise, those developing mobile and online games will witness higher revenues.**

Console-based games that require expensive hi-tech hardware and software have a limited market in India at present.

In contrast, the mobile and online gaming segments are expected to witness good growth, as India has a strong mobile phone and Internet base. “As the penetration of mobile phones, PCs and broadband connections is rising, it is obvious companies developing mobile and online games will witness higher revenue generation with more users,” reasons Sanker. Thus, despite being involved in the development of all four verticals of gaming, 7Seas Technologies is focusing on mobile gaming. The company recently spent around \$1 million to develop seven 3D games for the mobile gaming market. According to a research report by Indiagames, ‘Dynamics of the Indian Mobile Gaming Business,’

## FAIR GAME

FOR the 20-odd Indian companies involved in the gaming industry today, creating mobile and online games seems to be the most popular segment of the four gaming verticals. The current rush in the mobile gaming segment can be explained by the low costs and low gestation period the project takes to be completed. While a full-fledged PC or console game can take about a year or more to be completed, mobile games can be finished within a couple of months. This advantage allows gaming companies to create games around the most popular concepts like festivals and major public holidays thus cashing in on the current flavour of the season.

For instance, Nazara Technologies created a Dhoni Zone within days of his appointment as captain of the Indian cricket team. Here's a comparative look at the production budgets to create games for each of the four gaming segments.

### MOBILE GAMES:

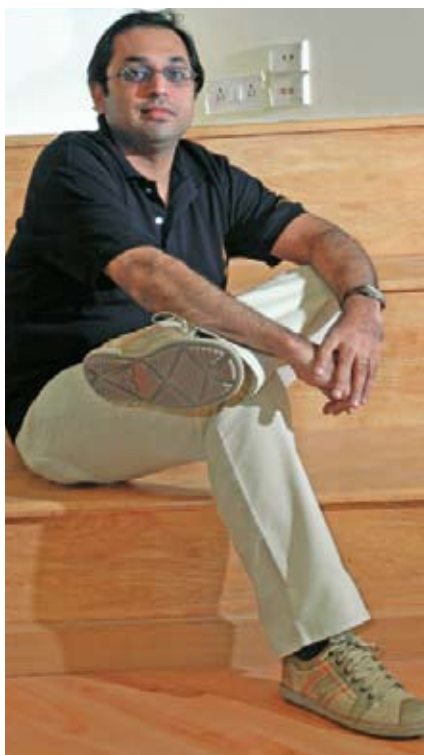
Multi-player 2D mobile game format can be created at less than \$50,000; a 3D mobile game would cost anywhere between \$120,000 and \$240,000.

**ONLINE GAMES:** Require higher investments since the number of games a portal requires is more. If the developer goes in for a single-player format, it would cost less than \$25,000 per game. A multi-player option requires investments of around \$60,000 to \$120,000. The most expensive format in this segment is the Massively Multiplaying Online Game (the MMOG format) that needs more than \$2 million.



**PC GAMES:** A good PC game costs around \$2-3 million.

**CONSOLE-BASED GAMES:** Played on Microsoft Xbox, PlayStation 2 or 3 and Nintendo Wii - need investments of about \$5-10 million.



**ROHIT SHARMA:** Online gaming is unique

released at the Mobile World Congress held in Barcelona earlier this year, about 100,000 games are downloaded every day across all networks in India. Vishal Gondal, founder and CEO, Indiagames Ltd, says "Globally a high-end user could spend \$20 a month on games – almost two-and-a-half times the average revenue per user in India." He expects the market to grow aggressively over the coming years and estimates the mobile gaming business in 2010 will be around \$250 million.

The global mobile gaming market is forecast to exceed \$2.2 billion in about two years. This will mean a huge opportunity for Indian mobile game developers too since games with Indianised concepts in English find a large worldwide audience.

With 2.8 million online gamers in India today (2007 research conducted by Internet-In-India), the sector is showing promise. According to Rohit Sharma, "Online gaming is the biggest community application, whose experience cannot be replicated by any other gaming category. Mobile gaming, despite being a huge

gaming market, cannot compete with online gaming in terms of artwork and game play."

Zapak's confidence in the success of this vertical has seen it willing to invest \$100 million in gaming portals, gaming cafes and content creation, thus creating a complete value chain for online gaming in India. Its brick-n-mortar extensions called Zapak Gameplex are large format, high speed broadband enabled, organised gaming cafés. Currently, there are 21 such cafes in 13 cities within the country. Zapak is working towards 500 cafes in 40 cities. The company has also worked out a novel way to ease issues regarding payment mechanism, a key component of the gaming value chain. Since access to credit cards and debit cards is not easy for young adults, who form a major part of the customer base, the company has come up with 'Zapak Game Cards' of pre-determined value that allow a player to purchase games online. "We are the only company to have introduced such a payment option," says Sharma. Online gaming companies depend largely on



**GAME STATION:** The growing number of youngsters attracted by gaming cafés that are sprouting all across India

**Their focus is on customising content for the Indian market using local themes, icons and games.**

online advertising, in-game advertising (where ads are included as part of the game) and advergaming (a game is built around a brand) for their revenues. Mobile games on the other hand are priced on the pay-per-play model or a one-time download on most networks.

These prices are decided by network providers based on the type of content; branded/premium games cost more on an average. PC and console-based games follow the traditional mode of sale and purchase. Obviously, the only way to attract more young eyeballs is to have interesting games.

Making best use of new technology like touch screen sensors and camera is resulting in more creativity. For instance, 3D mobile games allow more control to players. Though a good number of popular games (in all the verticals) come

from the overseas market, companies have realised the need to localise games. Their focus is on customising content for the Indian market using local themes, icons and games.

Companies are also attracting women gamers by introducing women-centric games like 'Fashion Makeover' and 'Indian Recipe.' If gaming can be an interactive social experience, it is bound to appeal to more than just the male dominated 17 to 25 year age group it caters to currently. The effort would also include spicing-up available foreign content and idea to appeal to a larger Indian audience.

By widening the base of gaming possibilities, players in the sector are indirectly tapping across 90 per cent of casual gamers in the country. It is a matter of time before the gamer in the average consumer games on. 🎮