

Casual Games in Asia: Challenges & Opportunities



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Why Asia?

It's **HUGE**

(3.3 billion people, more than half under 30)

The number of Internet users is growing **FAST**

(20% CAGR since 2000, from 121 million to 411 million)

Broadband connections are growing **FASTER**

(28% CAGR since 2003, more than 292 million by 2010)

Incomes are **RISING**

(only 6% of Chinese are “middle-class”, but that’s more than the entire population of Germany)

Casual games are **HOT**

(50% growth in China last year, projected 39% of market by 2010)



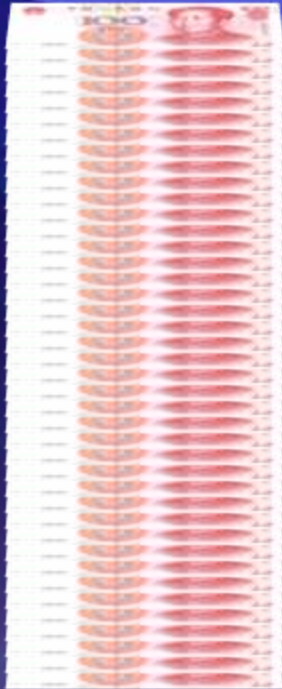
Asia by the numbers ...

	Population	Internet Users	Penetration	Growth (2000-2007)
China	1,317,431,495	137,000,000	10.4%	508.9%
Japan	128,646,345	86,300,000	67.1%	83.3%
India	1,129,667,528	40,000,000	3.5%	700.0%
Korea, South	51,300,989	34,120,000	66.5%	79.2%
Indonesia	224,481,720	18,000,000	8.0%	800.0%
Vietnam	85,031,436	14,913,652	17.5%	7356.8%
Taiwan	23,001,442	14,500,000	63.0%	131.6%
Malaysia	28,294,120	13,528,200	47.8%	265.6%
Pakistan	167,806,831	12,000,000	7.2%	8861.9%
Thailand	67,249,456	8,420,000	12.5%	266.1%
Philippines	87,236,532	7,820,000	9.0%	291.0%
Hong Kong	7,150,254	4,878,713	68.2%	113.7%
Singapore	3,654,103	2,421,000	66.3%	101.8%
Australia	20,984,595	14,729,191	70.2%	123.2%
New Zealand	4,274,588	3,200,000	74.9%	285.5%
Asia	3,346,211,434	411,830,756	12.3%	240.0%
North America	334,538,018	233,188,086	69.7%	115.7%
European Union	493,119,161	252,818,939	51.3%	167.8%



The money is there... ... but how to share in it?

1,000,000,000 RMB



Chinese casual game industry
(2006)

8,000 RMB



PopCap Games (in China)
(2006)



High competition

Piracy

Fragmented markets

Faced paced markets

Different audience demographics

Proprietary platforms

Challenges in Asia

Cash-based economies

Government licensing and regulations

Constantly changing rules

Language differences

Different business practices

Cultural differences



Challenge of localization...

English

Chinese

Korean

Japanese

Thai

Vietnamese

Tagalog

Bahasa

Challenge of Travel!



Challenge of business development

English

Chinese

Korean

Japanese

Thai

Vietnamese

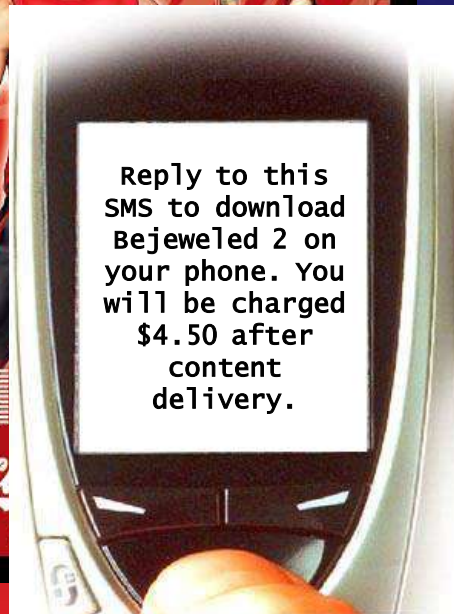
Tagalog

Bahasa



Challenge of collecting revenue

How to collect revenue, when players don't have credit cards?



Get creative...

- Pre-pay cards
- Mobile-phone billing
- Broadband accounts

Convert to virtual currency



Challenge of government regulations

- In China, companies must work with:
 - Ministry of Culture (MoC)
 - Ministry of Information Industry (MII)
 - State Press and Publications Administration (GAPP)
 - State Copyright Bureau
 - Ministry of Public Security
 - Bureau of State Secrecy
 - Commission of the State-owned Assets Supervision and Administration (SASAC)
 - State Administration of Radio, Film and Television (SARFT).



Challenge of Internet cafés



Over 100,000 cafés in China alone

- Internet cafés are popular across Asia
 - Modern PC's
 - Broadband connections
 - Inexpensive (\$1/hour)
 - Social (go with friends)
- Key channel to promote and market new games
- But games must support “roaming” users
 - Everything saved on server



Challenge of piracy



Challenge of cloning

- If labor is cheap, and IP not respected, why license?



Opportunity of “free to play” model

“People should not copy software. But if they’re going to copy software, they should copy my software.”

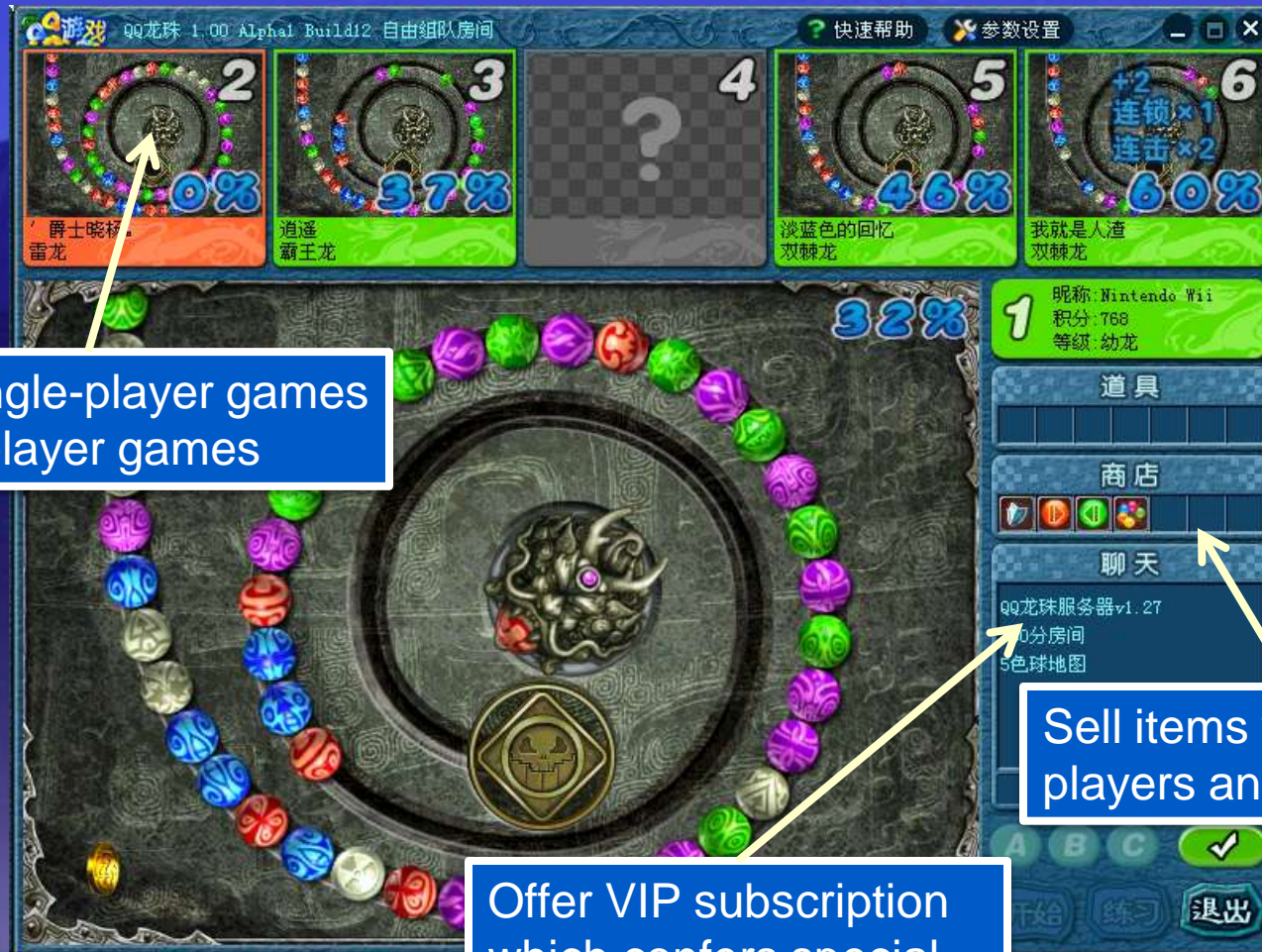
-- Bill Gates (?)



- “Free-to-play” business model
 - Move everything interesting online, behind server
 - Core game is free, but find other things to charge for
 - Take advantage of peer pressure, desire to show off



“Free to play” casual games



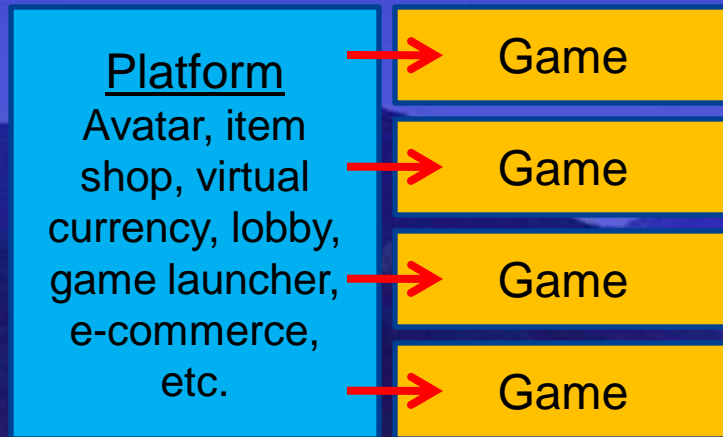
Adapt single-player games to multi-player games

Sell items which give players an advantage

Offer VIP subscription which confers special powers (like “shout” or “boot”)



Challenge of closed platforms



- Games are simply an excuse to spend money in the platform
- Games have little value by themselves
- Reluctance to share platform revenue



Only revenue attributed directly to game



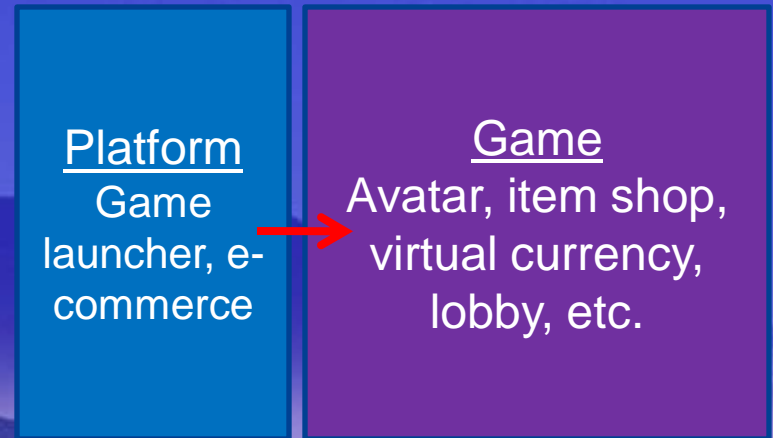
Example: QQ Games Platform



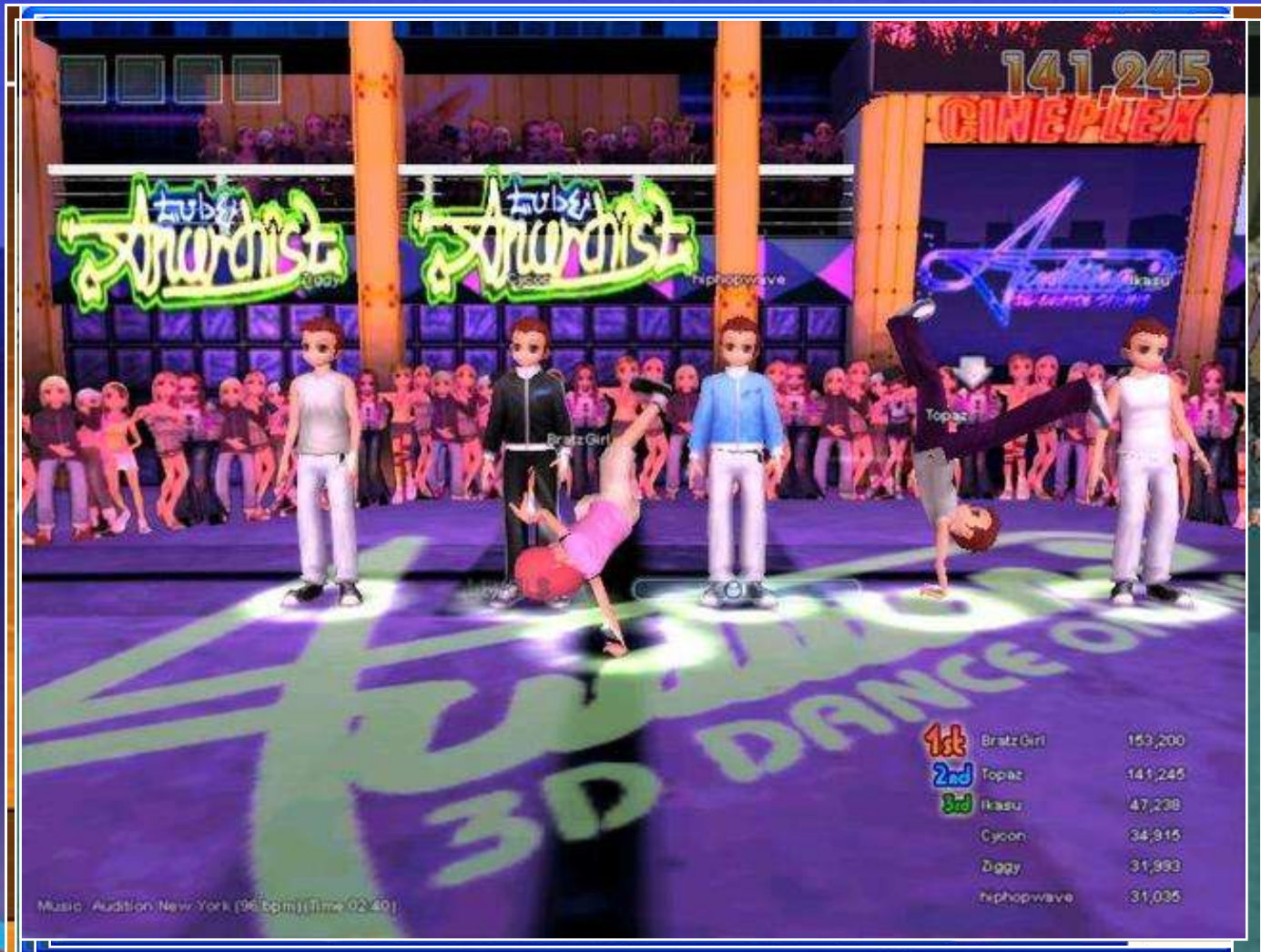
Opportunity of “advanced casual” games

- Move revenue into the game itself
- Easier to share revenue when it is clearly defined
- Much more expensive to develop

Advanced Casual Game



Examples of advanced casual games



Q2 Body (Te (2001))

