



Mobile Gaming – Stand and Deliver

A 'Charig' Opinion



Mobile phones have revolutionised communication yet despite their near ubiquity and technological advances, one area repeatedly underachieves – mobile gaming. There is increasing collaboration between handset manufacturers, network operators and games developers to improve both the experience and usage but the market could go much further, increasing subscribers and subscriber participation and making a big and positive impact on the economics of the industry, argues Francis Charig, Chief Executive, Antix Labs.

Despite advancements in sound, video and picture quality, the experience of mobile games has simply not lived up to the expectations set by the console and PC based players. Small screens, battery drain and fiddly input devices have also hampered development, but the true problem has been the incompatibility between different devices that has led to fragmentation and little opportunity for the publishers of content to see a return on their investments.

Now as the technology industry continues to advance both in terms of hardware and software it is ready to fulfil the suppressed consumer demand for more pervasive access to games – the barriers that the devices and networks presented have been overcome to open up phenomenal potential for mobile gaming. Games publishers are poised to deliver top quality games to the complete range of mobile devices in a very rapid timeframe – ensuring the launch of a new game can be achieved across all platforms from console to mobile simultaneously. This ability comes at a cost in terms of performance and portability, and it is software that remains the key barrier to eliminating problems of user experience and fragmentation.

Pent Up Demand

In a recent survey, only 10% of West European respondents said they used online mobile gaming services and downloaded games at least once a month. Yet the popularity of gaming continues to increase, with the revenue generated by console based games set to outperform the film industry both in the UK and the USA for the first time in 2007. Given the 1.267 billion new handsets due to be shipped in 2009 alone (Source: Nomura), there is a massive opportunity for handset manufacturers, network operators and games developers to exploit the full potential of mobile gaming.

Most mobile games users purchase content from the operator's portal, but problems in locating and downloading games have done little to boost the market. With Internet-enabled handsets widespread and commuters now often using their 'dead time' to check Facebook and other social networking sites, the industry needs to make downloading intuitive and playing mobile games an infectious experience.

One of the main problems with the uptake of mobile gaming has been this gaming experience. While new handsets have powerful capabilities, from 3D

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graphics to extended battery life and excellent sound, the games publishers have been forced to develop tools and strategies to manage this but it has been distracting, hurting the financial returns and detracting from their ability to focus on their raison d'être and key skill sets.

While the new, higher end platforms can support a better gaming experience, these capabilities can only really be fully extracted with games written in C and C++. As a result, the publishers of the Java-based mobile games are not able to exploit this new functionality to the same degree. Furthermore, because Java is not as portable as the market had expected, games designed from entry-level upwards have to be separately ported to every phone platform and as such the economics simply don't add up.

Instead, most major publishers prioritise the delivery of new games and franchises for the lucrative console and PC, and even where there is a focus on mobile, many technically viable devices remain unexploited commercially. This means that we typically see a fairly mediocre mobile games experience that has done little to boost consumer interest, let alone satisfy pent up demand. Despite the huge market potential, mobile gaming has failed to deliver the numbers for many publishers and network operators alike.

The most likely way operators and device manufacturers will be able to meet consumer demand in the mobile space is to replicate the very successful business models deployed within the console market. This means enabling publishers to differentiate their games, using the C/C++ programming languages and their own proprietary middleware, sending new levels and functionality to deployed devices, and with the added benefits from deployment across different devices with just a single executable. Consumers will be able to carry their content across devices in much the same way that they can move their music across their device portfolio, and they'll be able to share their games with friends who run with entirely different devices.

It is by creating this ubiquitous native deployment across broad swathes of the mobile market that publishers will finally be able to combine a sufficiently large addressable market with their own differentiated offerings.

Native Inevitability

Microsoft, Nokia and Qualcomm have all pushed the market towards native mobile gaming. The emergence of the OpenKODE standard from the Khronos organisation (www.khronos.org) with native API support has further underlined the inevitability of the move from Java to native language gaming.

Nokia, for example, is using its market position to encourage publishers to develop games specifically for its mobile platforms. Whilst Nokia's investment will ensure publishers will work with these platforms, the publishers will still have to port those games to other, non-Nokia devices; that means continued market fragmentation which in turn makes the economics more challenging. In a converging marketplace, publishers want to 'write-once' and 'run-many', using an environment that reaches far across the increasing wealth of different multimedia devices. The extended constituency includes PCs, web

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browsers and televisions as well as a substantial range of mobile phone models disenfranchised from the games market because their shipment volumes are too small to attract the publishers.

Single Solution

The only way publishers, manufacturers and network operators alike can truly maximise the latent demand for mobile gaming is to adopt a single strategy that will allow games to be simultaneously deployed across any platform. By embracing the open approach, handset manufacturers and operators will be able to expand the market potential.

And the market potential is phenomenal. In 2009, of the estimated 1.2 billion new phones to be sold, many of even the entry-level devices will have hardware graphics acceleration and improved audio quality required to run highly sophisticated games.

Furthermore, there is a massive back catalogue of console games that can now be made available on mobile, enabling publishers to cash in on their existing asset portfolio and, critically, providing consumers with a chance to enjoy familiar games on their mobile device.

New titles can be simultaneously launched across a far broader range of target devices from console to phone thereby maximising brand exposure, utilising the economies of scale and supporting new franchises, films and toys. Suddenly publishers have a fantastic chance to take advantage of the mobile platform for viral marketing to boost awareness.

Great Experience

The games market is set for transformation over the next two years as publishers deliver multi-platform network games that can be played on a variety of platforms simultaneously. Many of these games will take advantage of the new features of the mobile devices whilst providing publishers with the same great differentiation opportunities that have defined the console market since its inception.

What's more, the concept of mobile gaming opens the market to a huge demographic that has to date eschewed the console game. From the business person on a train, to 50+ year old casual gamers who may feel less comfortable playing a dedicated handheld game console, the mobile is the perfect, highly familiar, platform to tempt new user groups into the gaming market.

But will the consumer base be won over after years of highly disappointing mobile gaming experiences? It will be essential for publishers, manufacturers and network operators to exploit the 'enabling' technology that allows them to work together to boost the user experience – free games on the phone at purchase, simple ways to find content that meets the consumer's expectations, simple ways to download and install games direct on to the phone or via a PC with 'try-before-you-buy' or the kiosk in the shopping mall. The market needs to 'think consumer'.

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Indeed, offering users the opportunity to search for content on their PCs, downloading and transferring it to their mobile devices, and trying the games on those devices before making a payment to keep or unlock the content, is a major step forward over today's haphazard attempts to promote and download games – and, critically, it replicates the proven, highly successful approach that was used to generate the massive consumer demand for ringtones.

It will be essential to offer the consumers simplicity – easy content discovery, easy content download, good quality services deployable to each of a consumer's devices. Only by combining an improved user experience and innovative methods of delivering games across increasingly converged platforms, will consumers start to gain faith in mobile gaming. With that and the reduced cost of deployment, publishers, hardware manufacturers and service operators will finally begin to reap the rewards of a new revenue stream and a key control point in the market.

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Francis Charig

Francis, a World Economic Forum Technology Pioneer for 2006, is the Chief Executive and founder of Antix. During his career he has raised more than \$70m in capital investment, is an Ernst & Young Entrepreneur of the Year semi-finalist and is the former Chairman of the Open Contents Platform Association, headquartered in Tokyo.

Prior to forming Antix, Francis was the co-founder, Chairman & Chief Executive of Tao Group, the pioneer of binary portable, high performance multimedia software. Francis has consulted to numerous blue chips including Dow Jones and IBM and was also the Head of the Trading Systems Business Unit at the London Stock Exchange successfully launching and deploying the world's first digital front office trading system.

Francis began his career as a software engineer at Hoskyns (now Cap Gemini) after completing a degree in Political Science.

Francis is also a board director of Baillie Gifford Shin Nippon plc, a Japan-focused investment fund.

