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GAMING CATCHING ON

Mobile gaming contributes about half of the total revenue of the Indian gaming industry, and industry watchers believe that it has the potential to go up to 70 per cent in the coming years.



The Indian gaming industry is a small but fast growing segment with 94 per cent compound annual growth rate (CAGR) since the last couple of years. It is expected to touch \$300 million by 2009 from \$30 million in 2005 and a miniscule size of only \$8 million in 2003, a CAGR of 78 per cent, according to National Association of Software and Service Companies (NASSCOM), the industry body representing Indian software and services companies. The Indian gaming industry has been estimated at more than \$100 million in 2006-07 including consoles, online, multiplayer, casual and mobile games, according to another report by global consultancy firm KPMG.

Although it is still miniscule compared with the developed gaming markets such as USA, Japan, Korea and China, it has a promising future. India has a definite cost advantage compared with these developed markets. While a PC game can be developed with \$6-\$7 million in the US, a similar job can be done with \$0.5 million to \$3 million.

The Indian gaming industry is also benefiting with the trend of outsourcing, as global application developers of the gaming segment such as Microsoft Corp., US-based Electronic Art Inc., UbiSoft Entertainment of France, Konami Corporation of Japan, US-based Activision Inc. and Take 2 Interactive Inc have started outsourcing different modules of their games to firms in India

as well as the Philippines, South Korea, Singapore, Taiwan and China. It helps them to reduce the cost as well as the development time. A few components of 'Perfect Dark Zero,' a game released by Microsoft, were developed by Dhruva Interactive based in Bangalore, the IT City of India and the capital city of the south Indian state of Karnataka.

While the relatively older domestic companies such as Dhruva Interactive, Indiagames (a developer of games across multiple platforms), and Mauj Telecom and Mobile2Win (mobile value-added services (VAS) platform companies) have made a mark in the global markets, the entry of animation companies such as DQ Entertainment, Animation Bridge, Paradox Studios, ColorChips, Toonz Animation, Hungama and Ittina Studios into gaming has also helped the segment.

Animation companies find a synergy with the gaming segment, as they get a new revenue stream using much of their existing resources. With this strategy, they not only create multiple revenue sources but also get more visibility and diversity. Animation companies such as DQ Entertainment expect one third of their total revenue to come from gaming, according to estimates.

Apart from trying to win the

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outsourcing opportunities, these companies are also creating their own games. India's first local content-animated feature film of the mythological religious deity Hanuman produced by Percept Pictures and Sahara India Group was highly successful. This success has motivated the game developers also to look at the range of Indian content to base their games on.

There are several Indian companies such as Indiagames, Paradox Studios, Fantasy Labs and Ittina Solutions that have already started local content for mobiles, PCs and consoles. DQ Entertainment has planned to produce three animated feature films and develop games around them. Indian game developers are trying to tap the popularity of Bollywood movies also, building games around films and lives of actors.

Recently, a game based on the super hit Hindi movie Don was in-

Industry At A Glance

1. Indian gaming industry estimated at \$100 million in 2006-07.
2. Industry expected to reach \$300 million by 2009, a growth of 78 per cent year-on-year.
3. Mobile gaming contributes 58 per cent of the total revenue.
4. Indian companies moving to the next level with original content development.

troduced. According to industry sources, the ratio of revenue from services and original content development has already reached to 80:20, and is expected to improve to 60:40 in a couple of years.

The high growth in the mobile subscriber base is also helping the Indian gaming companies, as it presents them a big market for selling their locally developed original games. The business model of mo-

bile games is also suitable for the Indian gaming companies, as these games consume less time and money in the development of a new game. Mobile gaming contributes about half of the total revenue of the Indian gaming industry, and industry watchers believe that it has the potential to go up to 70 per cent in the coming years.

Online gaming has also started firming up its roots in the Indian market. The online gaming market in India has been estimated at \$5 million according to a recent study by IMRB International, a market research firm, on behalf of the Internet and Mobile Association of India. While 58.4 per cent of this revenue comes from organised cyber cafes, subscriptions contribute about 31.4 per cent and advertising brings the remaining 10.6 per cent revenue. □

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