

# Born digital/ Grown digital

## An overview of the video games industry

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for the EU Science Journalists Association (EUSJA) visit  
*ICT in Europe: a socio-economic approach*

Seville, 20-21 January 2011



Based on the teamwork “ASSESSING THE COMPETITIVENESS OF THE EU VIDEOGAMES SOFTWARE” by Marc Bogdanowicz, Giuditta de Prato, Claudio Feijoo, Daniel Nepelski, Jean Paul Simon.

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- **Mapping the industry**
- **Two cases in disruptive technologies**
  - On line games
  - Mobile games
- **Future EU competitiveness**
- **Conclusions**

## ➤ Mapping the industry



Source: Funcom

- **The video games market is growing,**
  - The global video game market is estimated at some 45 to 50 billion €,
- **not only in value but also in audiences.**
- **The demand has changed under pressure from a variety of factors such as**
  - technological ease,
  - the emergence of social computing and communities,
  - and the supply of simple and short games.
- **capturing an until-now unsatisfied demand across age categories, socio-economic classes, or gender**
- **In other words, this industry goes more and more mainstream**

- **The digital native is growing fast**
  - and is expected to grow four times faster than the media and entertainment market
- **and may become one of the lead engine for growth for the entertainment segment**
  - Paving the way for new immersive form of entertainment?
- **As well as the living lab of the digital economy**
  - with important spillover effects to other sectors,
  - while creating a favourable environment for the development of the cultural and creative sector.

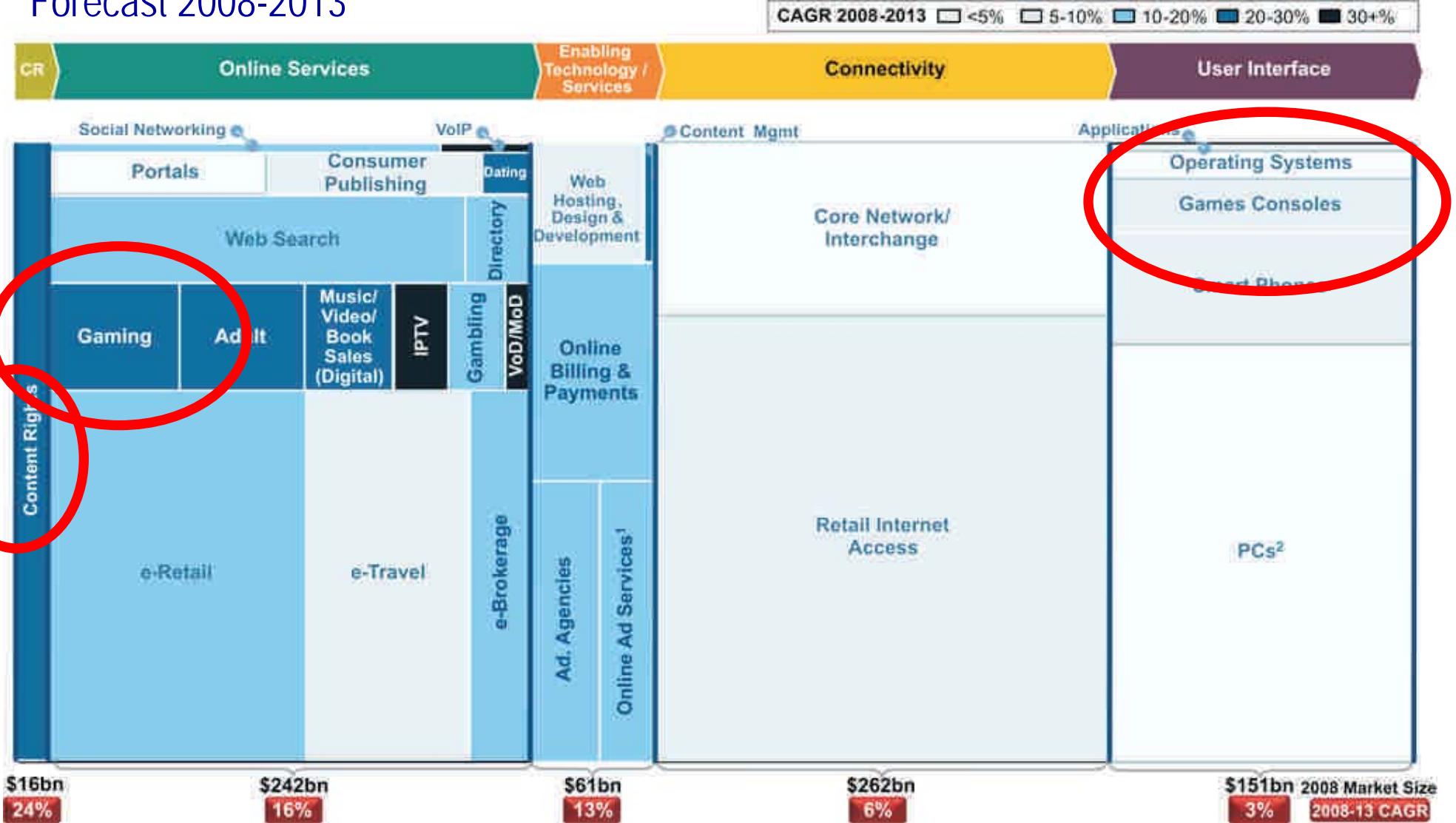
## ➤ On line and mobile games E-lab for the future of e-services?



Source: Funcom

- **On-line and mobile videogames offers two major cases in disruptive technologies enabling innovative business models within the broader realm of the emerging eServices domain.**
- **Most of the expected growth will come from on-line and mobile games**

Forecast 2008-2013





- **New actors or new roles for actors:**
  - Role of agregators
  - Telecom operators and applications providers
  - new role of portals
  - new opportunities for studios
- **Re-organisation of the value chain:**
  - disintermediation: developers closer to users,
  - re-intermediation: new actors, portals
- **Business models:**
  - Different distribution of revenues?
  - New streams of revenues,
    - ✓ complemented with the sale of virtual items, advertising and value-added applications
- **Demand:**
  - wider age range, higher number of users,
  - social networks, communities..
- **Technologies:**
  - not technology driven, but technology enabled..  
With mobile the possible innovations are manifold:
    - ✓ They are fundamentally related with adding new sensors in and around the mobile device
    - ✓ and bridging the real and virtual worlds
  - Technological disruption is possible..



Wild card: are natural user interfaces the ultimate horizon?

Source: Eli Noam

## ➤ Future EU competitiveness



Source: Funcom

- **EMEA is the biggest market for video games**
  - France, Germany, Italy, Spain and UK, in 2009, accounted for 15.2 billion dollars nearly 30% of the global video games market.
- **The EU benefits from a rich milieu of developers and an important population of middleware producers**
- **The EU is strong on telecom services especially mobile**
- **The EU is seen as a "hotbed" for games development overall**
  - A numerous population of highly creative small development studios
- **and may become even more important as the national markets are still unevenly developed,**
  - leaving room for more growth.

- **Quebec claims a 600% growth in the games business since 2003 and shows an impressive track record:**
  - the creation of 7,000 jobs, over 90 companies, international leaders for the most part.
- **South Korea provides a parallel success story.**
  - The domestic games market grew from 3 trillion KRW (approximately 2 billion Euros) in 2001 to nearly 9 trillion KRW in 2005.
- **The Indian gaming industry is estimated to grow at a CAGR of 49% by 2012.**

## ➤ Conclusions



Source: Karl M. Kapp

- **There is the room and the means for Europe to grow large global companies rapidly in the video games arena.**
- **However this may require some intervention or at least more focused attention.**
  - Most of the segments are faced with difficult access to funding
  - and, as could be expected, little willingness from potential finance providers to take risks.
- **The new digital agenda may open up some new avenues.**





...to drive a stake through that idea

Source: Blair Levin, Aspen Institute



# Thanks

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