



GAMING: CAN IT DELIVER GROWTH FOR TELCOS

Webinar: Questions and answers

Gaming: can it deliver growth for telcos?

This document outlines the questions and answers received from the STL Partners webinar, '**Gaming: can it deliver growth for telcos**' which was hosted on Tuesday 6th June.

You can watch the recording of the session, and also access the slides, using the [link here](#).

If you have any questions not addressed in the webinar or this Q&A document, or want to hear more about our research findings or from our speakers, please contact:

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Post-webinar questions and answers

The below questions were received from the webinar audience during the live session which we were unable to answer live.

Q. Are telecoms operators also developing games? Do you have any examples?

In Indonesia, Telkomsel's digital services unit entered a joint venture with Aplikasi Multimedia Anak Bangsa (AMAB) to develop and market mobile games for the Southeast Asia market under the brand name "**Majamojo**". The aim is to be a leading games publisher in Indonesia and wider Southeast Asia forming relationships with local game and third-party developers and for this to support Telkomsel's own Dunia Games service as well as nurturing digital talent domestically.

Telkomsel's Dunia Games represents an opportunity to monetise on the popularity of gaming (both in its own market and in the region) and offer a local alternative to the Apple store and Google Play Store as well as create alternatives to dominant publishing groups.

Q. Gaming is a great area to enter in but what are the challenges and the real opportunities for a service provider?

As a distributor, the operator gaming store has to take on the popularity of the Apple Store and Google Play Store as well as established game publishing groups and ensure it is hosting the top ranking and most popular games. However, there is an opportunity leverage its local market knowledge to provide a gaming service that matches gaming tastes/interests as well as facilitate and process payments. In addition, operators also have their large direct to consumer base which they can leverage. Operators considering their own game store distribution/platform need to ensure they are hosting and promoting the top trending games on their platform in order to be seen as a viable alternative to the popular gaming and app stores.

It can be difficult to enter gaming market or areas such as mobile (console) or cloud gaming. For example, with cloud gaming, it may be difficult to integrate a cloud service provider's technology and infrastructure with existing telco systems. Telcos have or are developing edge compute resources in order to provide advanced cloud gaming. As mentioned on the webinar, eSports (and cloud gaming) platforms can be a valuable upsell to existing gaming services.

Telco investment in edge data centres, 5G networks and content delivery networks will attract gaming publishers and distributors keen to reach gamers internationally. Operators can also offer advanced connectivity such as subscriptions to services that offer lower latency gaming – lower lag and short ping for popular games. We are already seeing this feature attached to value added Wi-Fi services. However, this type of service may be niche and may only appeal to more serious gamers.

The gaming device business is generally well established and a difficult market to enter. Most operators re-sell/distribute gaming devices (consoles, PCs) sometimes with financing options as a supplemental offering to mobile and broadband subscriptions. Obtaining device exclusivity is unlikely to be an attractive model for most device players and it limits market reach. Offering devices such as consoles for sale to fixed and mobile customers may help stimulate upsell of larger bandwidth capacity broadband services and financing options on devices will increase the points of contact with the customer.

Q. Does eSports include real-time betting on sports?

We didn't look at betting in our gaming research however we can point to Esports Entertainment Group (EEG) as one example. The company developed a betting exchange platform whereby players and teams can bet against one another by offering *"odds to, or request odds from, other players who wish to wager"* (player versus player).

Gambling restrictions can also apply depending on the region. We recently found this topic discussed by a Mobile Global Esports (MOGO) an organiser and sponsor of university eSports in India who has outlined it will not offer any facility for players to wager on the outcome of the games or events. In their recent IPO prospectus, MOGO define the India's esports industry as distinct from online gaming (gaming includes fantasy sports, games of chance and card games). They defined eSports *"as competitive games of skill, timing, knowledge, experience, practice, attention and teamwork, but not games of chance or luck [and] that "cash-based" tournaments involving games of skill should not be considered gambling because the generally accepted definition of gambling involves three specific things: (i) the award of a prize, (ii) paid-in consideration (meaning entrants pay to compete) and (iii) an outcome determined on the basis of chance. MoGo believes that its mobile esports proposition whereby players and teams to play against each other with prize money distributed to the last remaining competitors as cash prizes, will be considered games of skill."*

Separately, gaming loot boxes have in recent times come under the scrutiny of regulatory authority investigations on whether they represent a form of gambling.

Q. Testing the biggest gaming platforms and collaborating with the biggest players, In my running gaming test I still see 3 critical points: 1-Wireless devices maturity(temperature issue), 2-Need of 5G slice(provide ad-hoc SLA) and 3-Adapt the application to tolerate Wireless SINR/Interference variability(ABR or guaranteed throughput and jitter). Who is addressing and integrating these 3 points ?

We are not aware of any single organization working across those three challenges although we agree that they are issues.

In terms of temperature and phone battery life, to some extent, this has to come down to device manufacturers. If device performance and batteries improve so does the issue... We have highlighted this issue before as an edge use case: offloading compute to an edge to spare device battery and overheating. Perhaps players like Nvidia will become more active here.

In relation to slicing for games and interference such as jitter which can also be resolved through edge and network slicing, STL Partners and Ericsson looked at gaming as a network slicing use case. <https://www.ericsson.com/en/network-slicing/network-slicing-use-cases-series/cloud-gaming>

Q. If possible, can you please confirm the name of the edge orchestration company that you commented on saying that they are able to reduce lag by about 47%?

The company was called Edgegap, a Canadian based start-up who have created a distributed cloud aggregating 550+ locations, by accessing cloud infrastructure from hyperscalers (e.g. AWS), regional datacentres and even edge platforms with their own edge networks (e.g. Rafay).

Q. How can telco extend gaming to lower ARPU / narrowband connectivity areas, such as rural and sub-urban communities in developing countries. Are game adjusted to run in narrowband environments, where connectivity is limited and sometime off ?

This depends on what kind of gaming usage we are talking about. Cloud gaming is not a realistic option in areas with only narrowband connectivity. Some kind of online collaborative gaming may be possible, because it has low bandwidth demands (though it does require good latency performance), and telcos could target specific connectivity optimising solutions to make that possible, but we are not aware of any current examples. This type of gaming would also require the players to own the necessary hardware, which could be prohibitively expensive in low-income areas.

It is likely, many people in these markets play games offline. In general, we have not seen any cases of narrow band is used for online gaming. Online games played (and back by operators) in such markets are those with low level data transmission requirements. Also, games designed to operate on narrowband would likely be simple, low graphic games.

Q. I would like to get some views on how your experts see the uptake between the two different gaming services model - like "BYOG - subscribing to individual games" v/s "subscribing to game library"

Subscriptions to Apple Arcade or Google Play Pass is more suitable to casual gamers. Games such as Fortnite which become very popular stand out as an example of the individual game subscription. Games that are initially part of a library but achieve global success may transition to individual subscription.

In the context of cloud gaming - BYOG or "own it and play it" is common among serious PC gamers. For example, subscribers to GeForce NOW can play games they already own from digital game stores such as Steam. Those new to cloud gaming or who do not have sophisticated gaming hardware may opt for a subscription to a library of games such as Blacknut.

Get in touch:

If you have any questions intended for STL Partners or would like to learn more about their solutions, please contact:

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