

# Gaming: Can it deliver growth for telcos?

Understanding the opportunities for telcos in the gaming market

6<sup>th</sup> June 2023

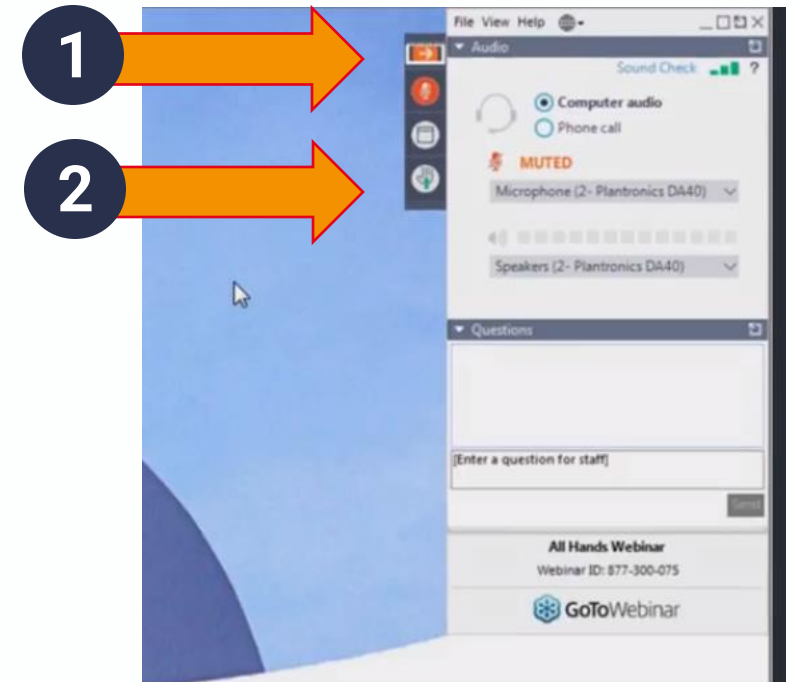
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# Presenting today

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# Recharging Consumer Revenues: How to create growth



## Product and service details

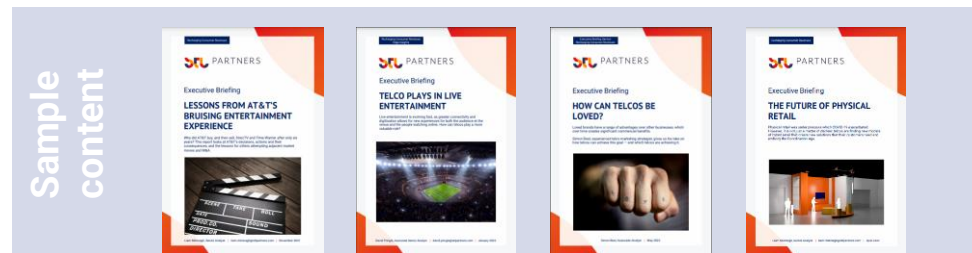
### 1. Digital services playbooks

- Provides guidance on how telcos can successfully make returns on digital services and tracks roles telcos can play effectively
- Launched gaming playbook with second playbook to focus on live experiences



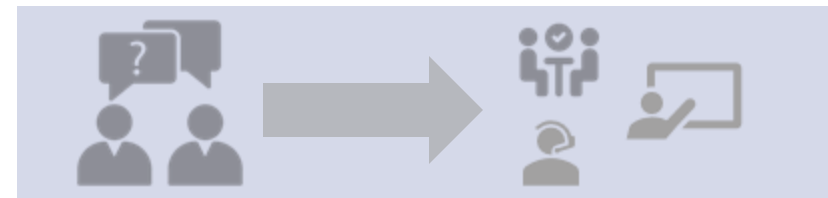
### 2. Reports

- Access to all STL through leadership reports that focus on consumer topics, around three key themes: staying relevant, new consumer revenues, and customer engagement.
- Access to full back catalogue of past reports.



### 3. Analyst access

- Access to analysts through ad hoc inquiries and regular update calls.
- Opportunity to dig deeper into the research and thinking behind published reports.



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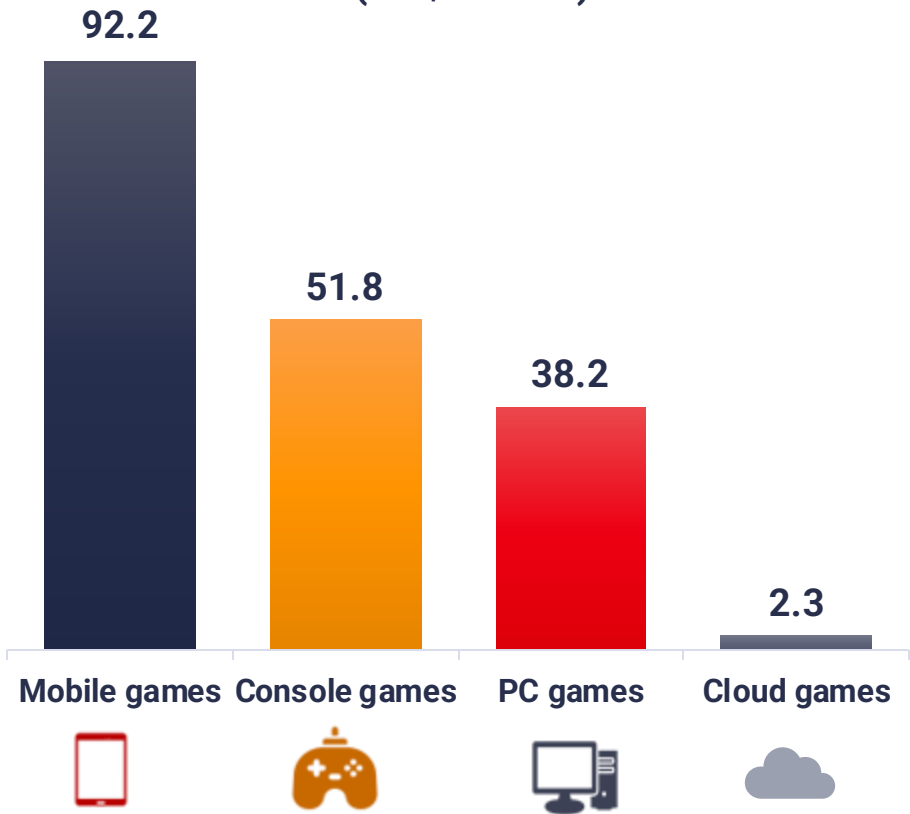
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# Gaming is a growing industry which presents attractive and consumer-focused opportunities

Estimated global gaming spending in 2022 (US\$ billion)



Source: Statista



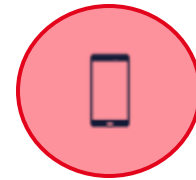
## Growing industry

- **US\$184 billion** global games market value in 2022
- 7.7% projected CAGR over next five years



## Audience growth

- The gaming audience is experiencing highest growth among **older people**

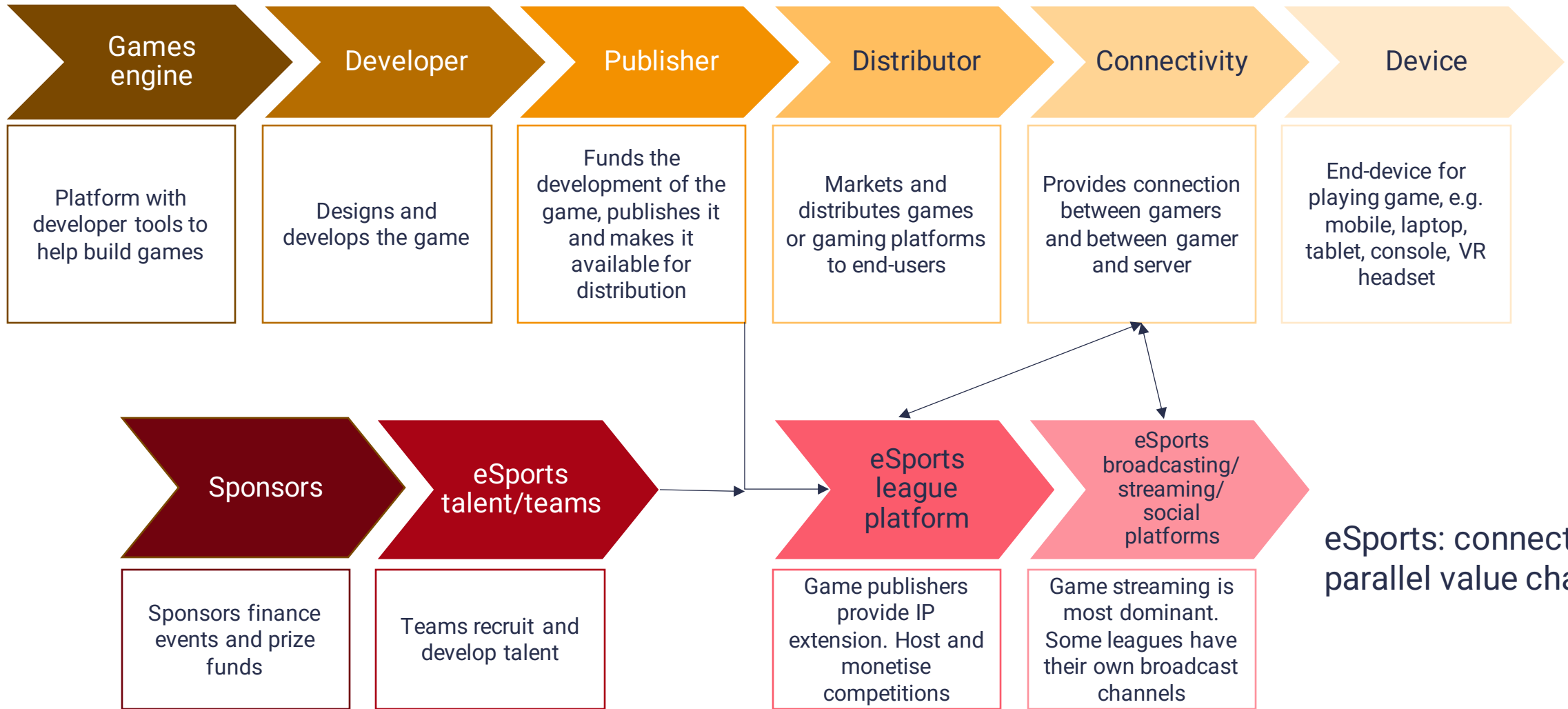


## Mobile dominates

- **Mobile** makes up **half** of gaming market revenue
- Mobile model is commonly freemium

Sources: Statista, GWI

# Gaming value chain



eSports: connected, parallel value chain



# Gaming technology/behaviour falls into three groups, with some overlap



## Device-based gaming

(includes mobile, console and PC)






## Cloud gaming



## Online Gaming



# Different gaming behaviours have varying needs and business models and different levels of opportunity and risk


	Device-based gaming	Cloud gaming	Online gaming
Connectivity Demands	LOW 	VERY HIGH  	HIGH 
Business Model	Device purchase dominates, game access through purchase or subscription. Freemium in mobile.	Subscription	Freemium, subscription
Threats & Opportunities	Cloud threat XR opportunity	Infrastructure threat Growth opportunity	Enhanced connectivity opportunity

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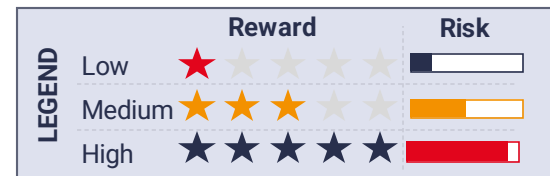
# Telco approaches to gaming services offer varying degrees of risk and reward

## STL identifies **SIX** telco gaming service types

Distribution/ aggregation	Cloud gaming	Specialist gaming connectivity	Enabling	Device innovation	eSports
Channel to market for gaming devices and services. Subscription aggregation and device payment plans	Provide cloud gaming service directly to customer, either working alone or with partners	Offer enhanced connectivity services tailored to provide gamers with a better experience	Offer enabling services to gaming companies that help their offerings perform better	Provide exclusive or co-branded new and innovative devices to customers	Host competitions as platform providers, sponsor teams or support arena connectivity
A good entry point for cautious telcos with potential to build on	High profile failures help identify the key factors for success	An attractive enhancement to other services	Exciting new business model leveraging edge and 5G investments	New device types will help usher in next generation of gaming but progress is slow	A high growth area, but path to profit is not clear for all players
					
					

Complexity / risk

Reward potential



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**Poll: Which of these approaches do you think telcos should be prioritising?**

# Which of these approaches do you think telcos should be prioritising?

1. Cloud gaming
2. Specialist connectivity
3. Enabling
4. Device innovation
5. eSports

# Agenda

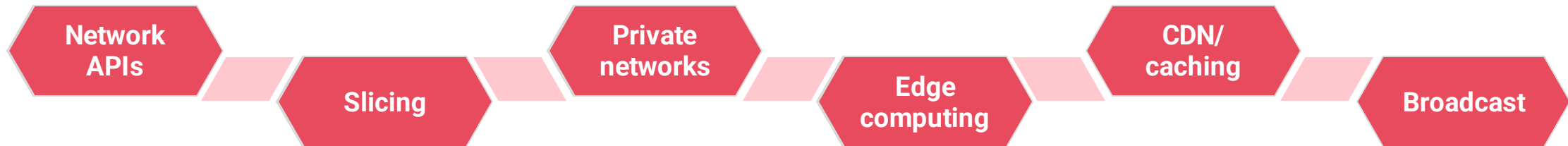
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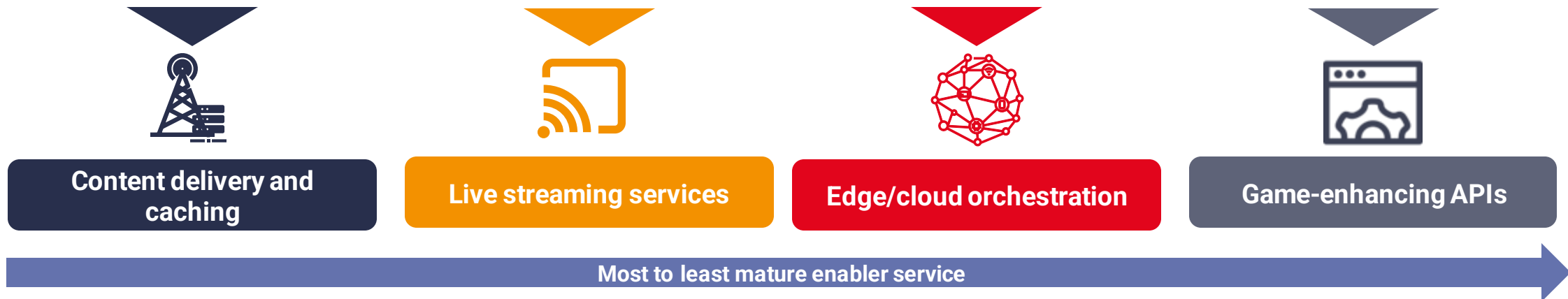
# Technology enabler services are at an early stage of development

Gaming is expected to provide excellent use cases for telco network and edge capabilities

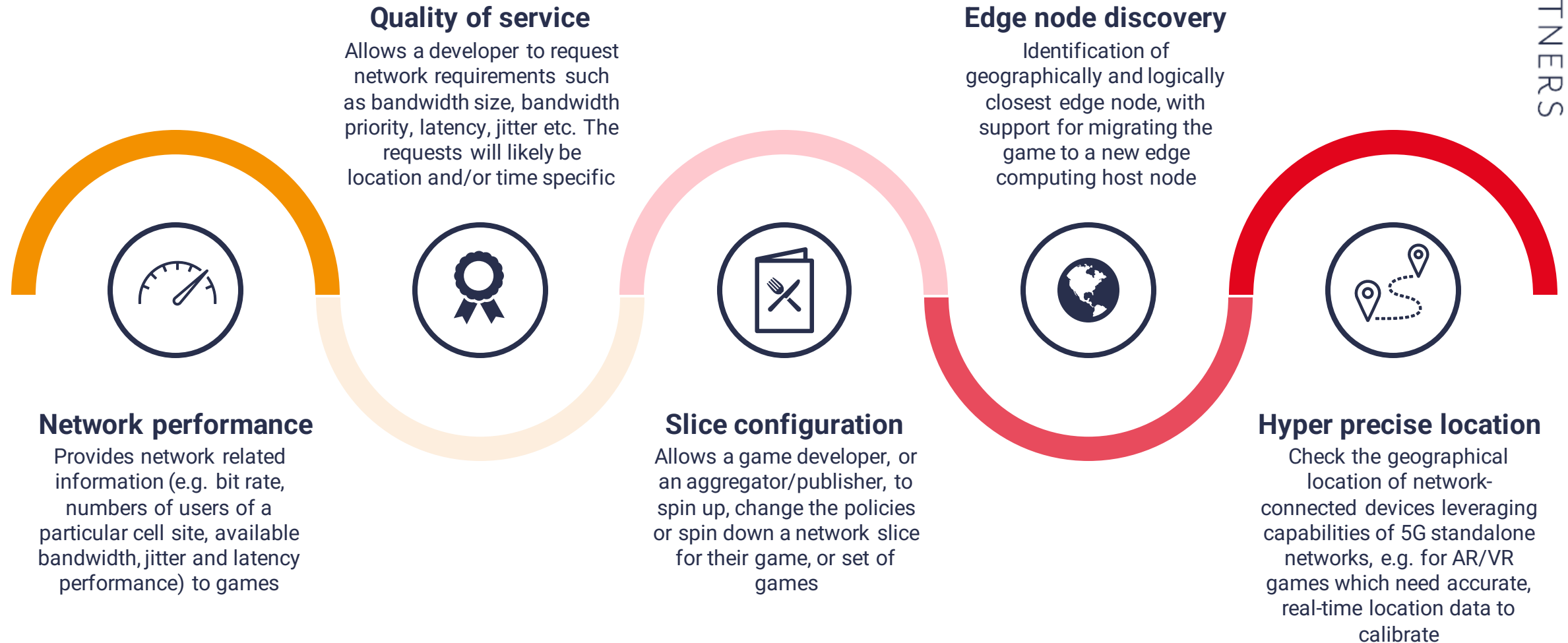
Telcos can leverage different technologies they have already invested in...



...To support these types of **enabler** services:



# These five network APIs can provide benefits to game developers and games engines

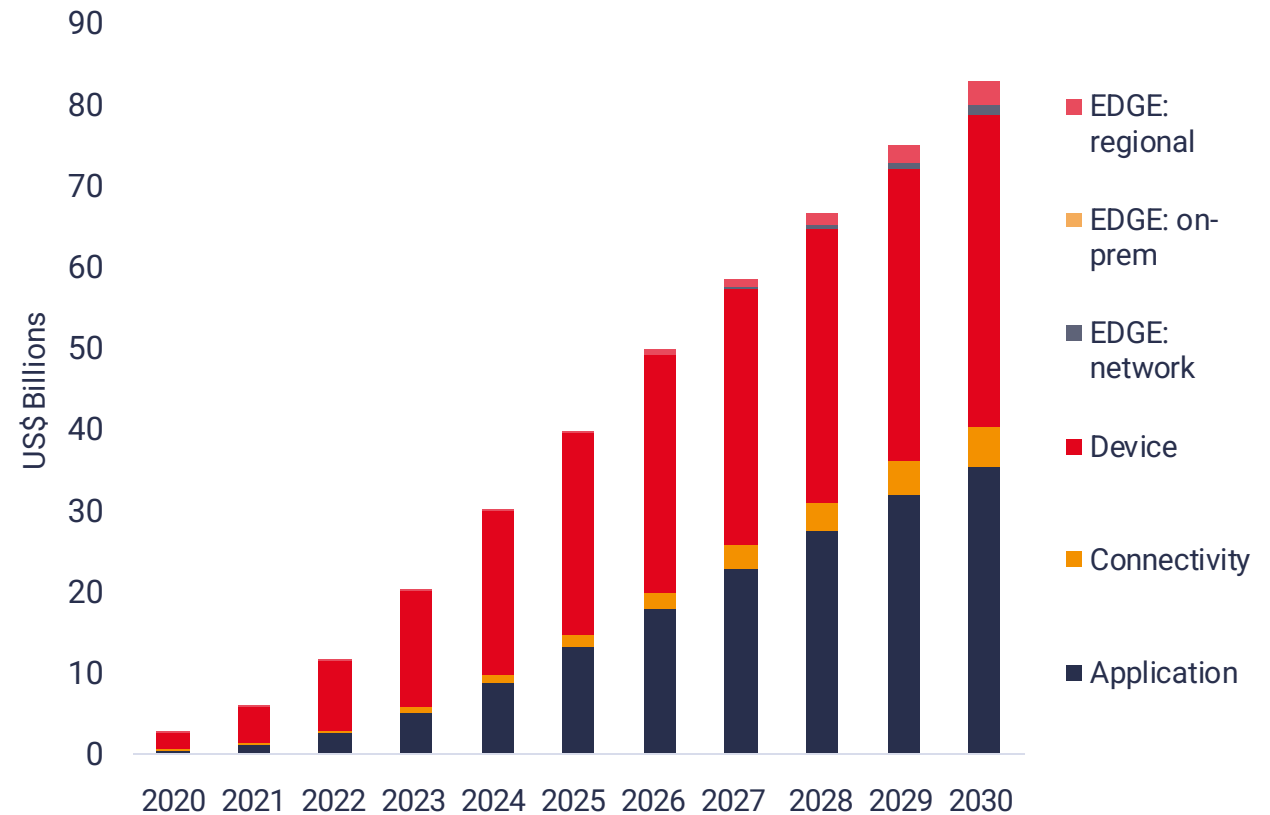


# There is a huge opportunity for edge computing in the gaming market

## Edge/cloud hosting & orchestration

- Provide servers to host games, if the game is not run peer-to-peer
- To minimise lag, these companies provide a distributed cloud and orchestrate where games are run so that 2+ players are never far from their server
- This is often combined with matchmaking – matching players for a gaming session based on location, skill level and wait time

The global forecast for revenues for edge computing in gaming are over USD80 billion by 2030 with USD13 billion for edge infrastructure alone



Source: [STL Partners](#)

# Technology enabler services are one of the main pathways for telcos to enter the cloud gaming ecosystem

There are three clear pathways for telcos to enter the cloud gaming market however these methods can be deployed in tandem



## Service Distribution

Telcos to offer a subscription service in partnership with a leading cloud gaming provider such as Blacknut or Nvidia GeForce Now



## Network Optimisation

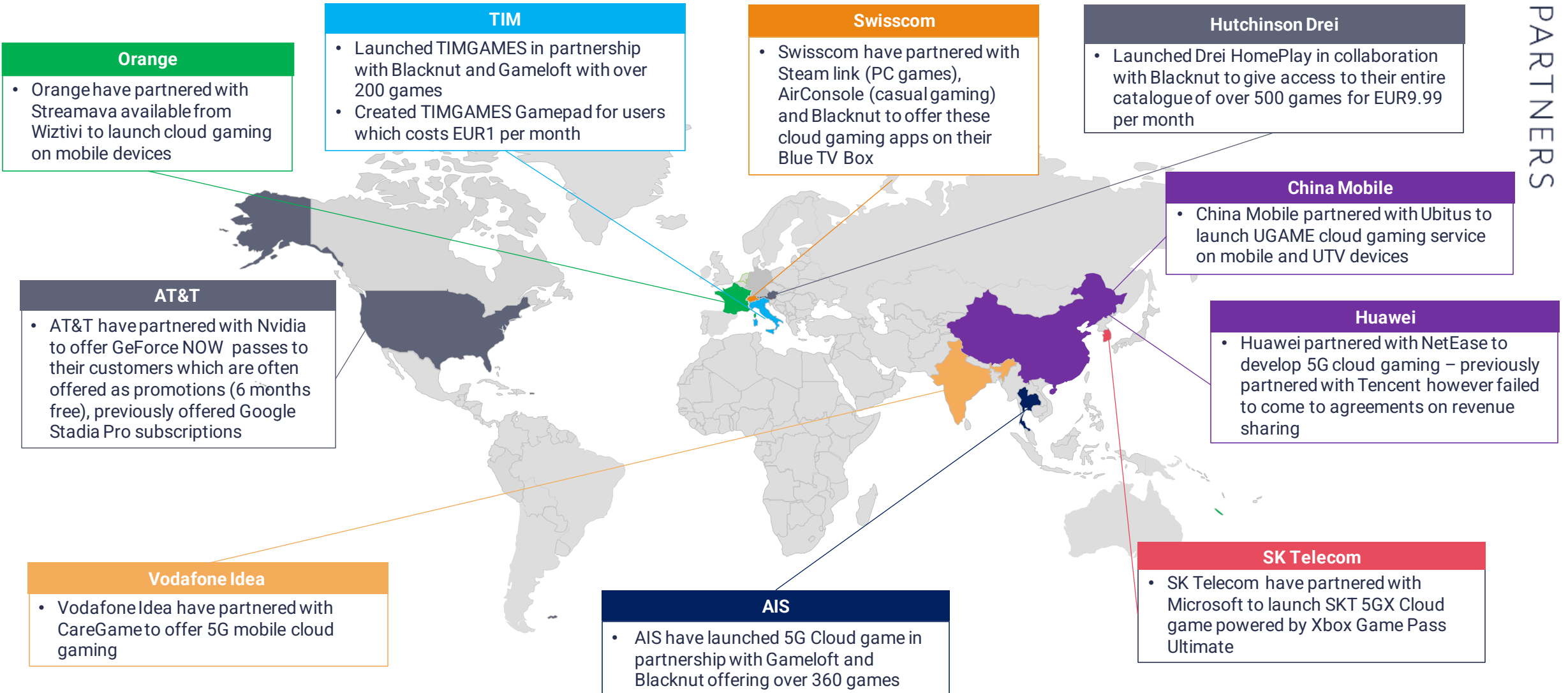
Telcos can enable cloud gaming platforms to build edge/cloud computing resources into their network to provide a more reliable, low latency connection



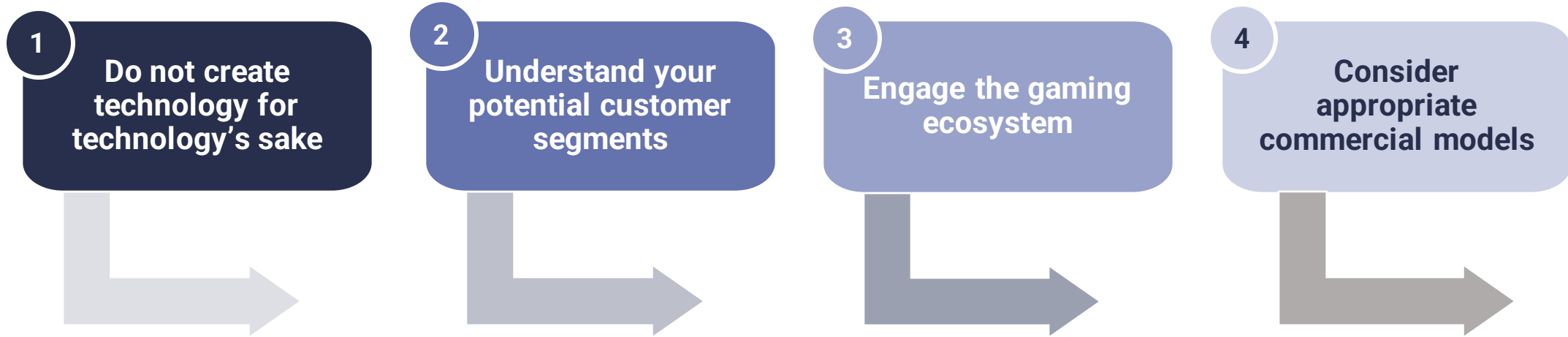
## Content Development

Telcos to establish gaming studios or create/acquire/invest in gaming publishers to help develop exclusive titles for consumers

# Many operators have launched cloud gaming services through these pathways



# Technology enabler – Recommendations



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# We have identified four roles telcos can play in eSports

There are four clear pathways for telcos to enter the esports market however these methods can be deployed in tandem



## eSports platform

Telcos offer an eSports platform, that can host competitions.



## Sports arena connectivity

Telcos can offer multiple solutions to ensure high performance connectivity to enable competitive game play and streaming from an arena, as well as spectator connectivity



## Sponsorship

Both eSports teams and tournaments offer sponsorship opportunities. This helps with brand building in the gaming space.

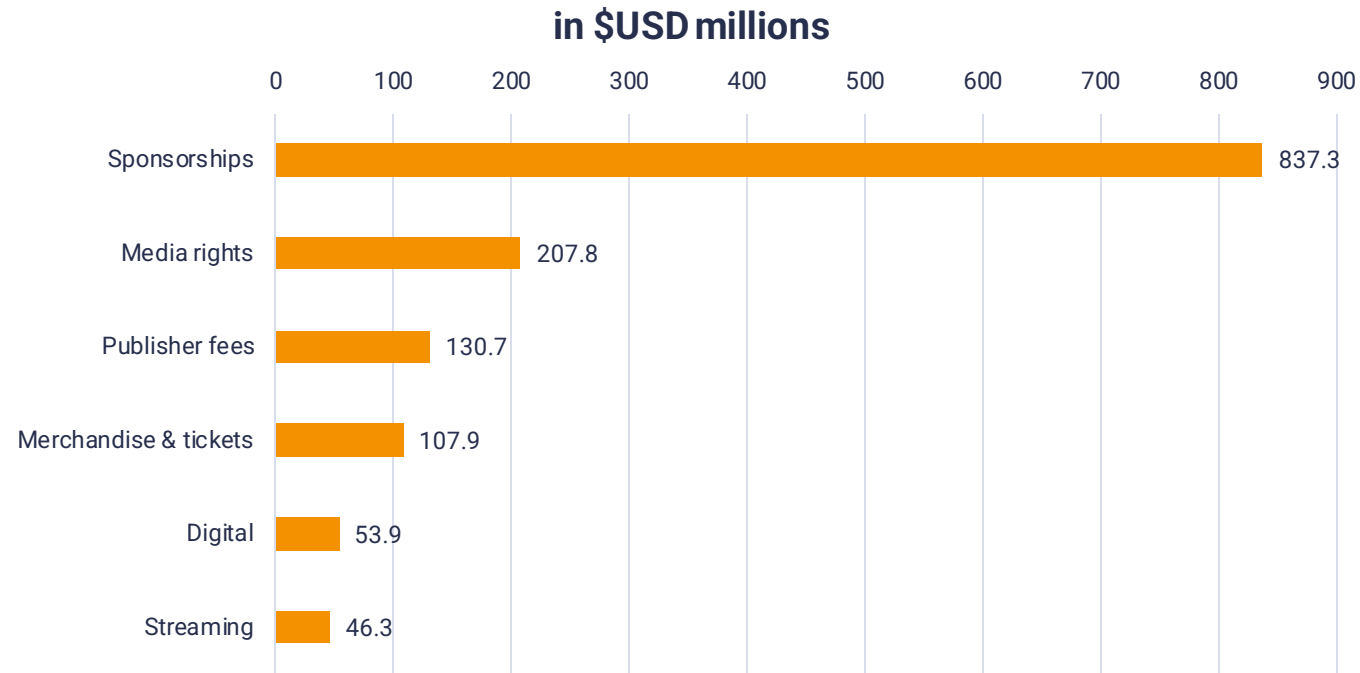


## Broadcasting

eSports is popular niche content and in some cases telcos can provide the platform for it to reach its audience.



# eSports revenue \$1.38bn worldwide in 2022



Source: Newzoo, Statista

- Audience – to reach 532m
- Enthusiasts – 261m and est. 318m by 2025
- Monetisation has still yet to meet engagement for pro teams, organisers brands, investors
- Still large global gaming community of amateurs across PC, console and mobile who are interested in eSports – not to mention avid esports fans
- Opportunity areas are in harnessing communities, influencers, mobile eSports

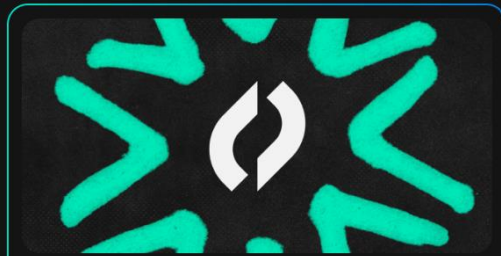



eSports: Gamer platform

# Case study: E& (Etisalat) and Swarmio's Ember Platform

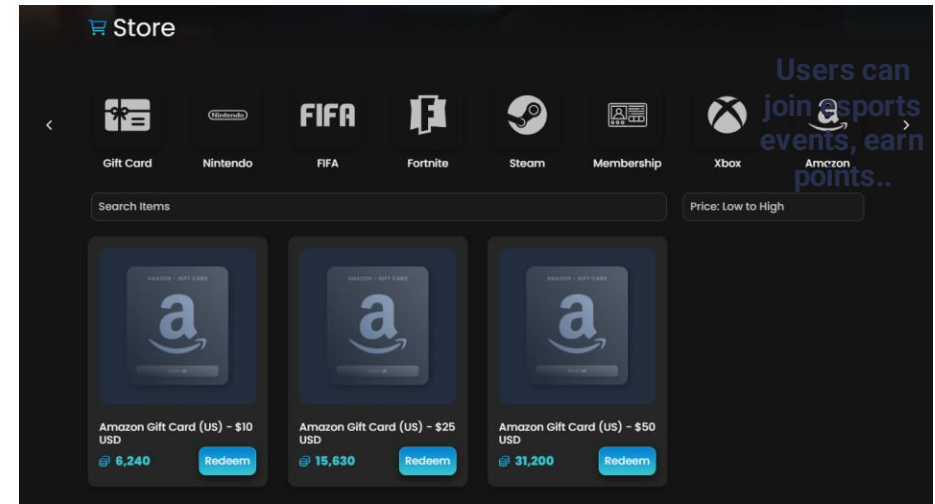
## How it works?

E& offer 2 types of subscriptions (freemium model)

 <p><b>Arena Launch Promo</b> Limited Time Promotion</p> <p><b>FREE</b></p> <ul style="list-style-type: none"> <li>Full access to Arena Esports</li> <li>50 Free Points on Sign Up</li> <li>Launch Promo: Premium Prizepools - 100% of Event Prizes!</li> </ul> <p><a href="#">Join for free</a></p>	 <p><b>Arena Esports Premium</b> Monthly Subscription</p> <ul style="list-style-type: none"> <li>Premium Bonus Points on Signup</li> <li>Premium Bonus Points every month</li> <li>Premium Access to Arena Esports</li> <li>Premium Prizepools - 100% of Event Prizes!</li> </ul>
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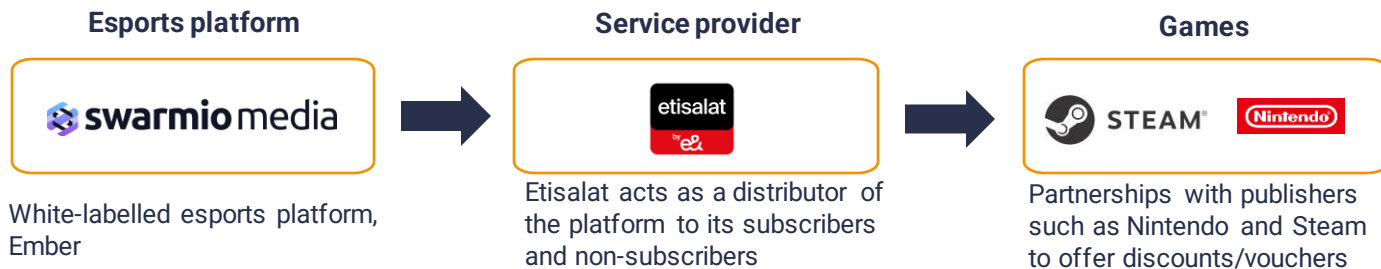
Users can join esports events, earn points..

...and spend points on games, digital and physical items.



Users can join esports events, earn points..

## Ecosystem partners



# Swarmio Media – Ember KPIs

KPIs - Six months to November 2022



Connectivity  
provider

etisalat by e2

Globe

ooredoo

SLTMOBITEL  
The Connection

apelbycommunications

WestBridge Telecom



Telco partnership  
results

- 2000 events hosted on Ember platform
- 53,000 gamers participating in 30,000 matches across 11 countries
- Reached 24.46 million gamers via tournaments and influencer campaigns – **Telco funded**
- Conversion rate – Visitor to registered user 18.8% / Visitor to paying user 4.18%



One initial telco Partner

- Average monthly spend for one Swarmio telco partner – inside the platform was \$53.50 per user.
- Revenue share with telcos is 20-50%

# Connectivity Support – Hubs and Arenas

A1



High speed 1,000 Mbit/s line down and upload as well as ultra low latency

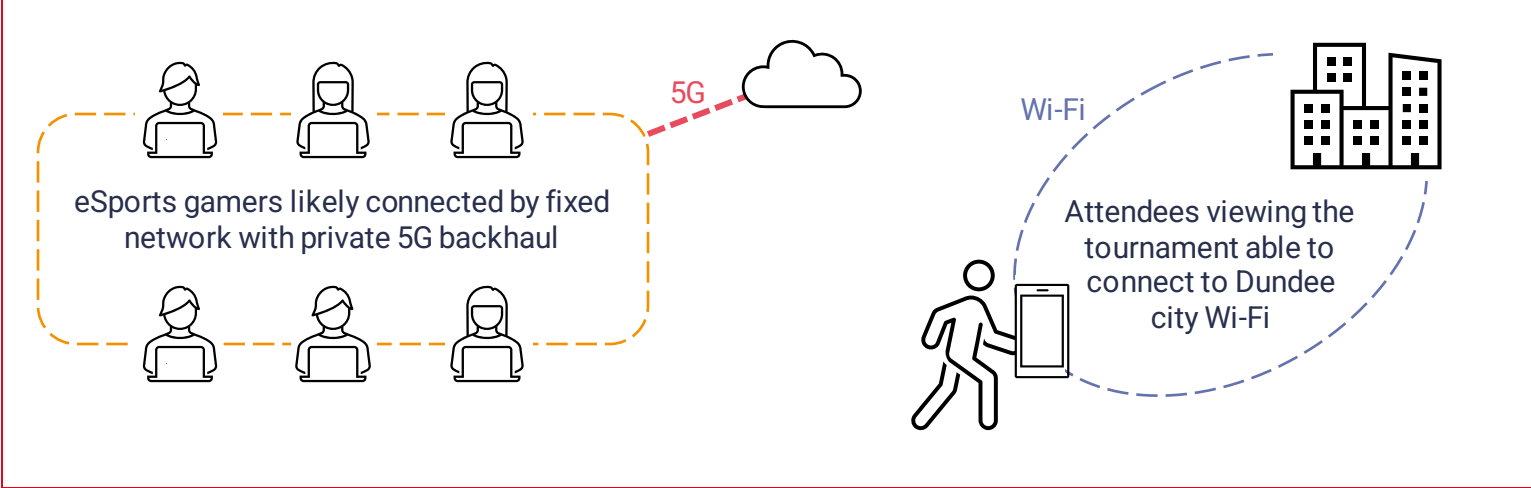
10 gaming stations with Alienware high-end PCs, 240Hz monitors, Maxnomics seats and Alienware peripherals

1 streaming room with 1x HD cam, 1x 4K cam, RODE microphone, mixing console, green screen, LED lighting,

- A meeting place for gamers/eSports players – events, tournaments and workshops.
- A fully equipped streaming booth for content production to Twitch, YouTube
- A1 eSports League founded 2017 – with Final in Vienna May 27<sup>th</sup> – 6,000 eSports fans and enthusiasts double 2022 attendance
  - 38k e-athletes had participated in league competitions in 2022



## How it works ?



## Ecosystem partners



# eSports – Recommendations

eSports is a high growth industry but the path to profitability is not always clear. Telcos should not approach it as a potential cash cow but look within it for opportunities that complement their overall gaming strategy, or other relevant strategy areas, such as edge, private networks, or tv and content.

## eSports platform

- This approach complements a strong portfolio of gaming services, for operators with an ambition to build a strong gaming profile
- We recommend working with a partner platform provider

## Sports arena connectivity

- This could be a good use case to demonstrate private networking or edge capabilities
- Strongly branded arena connectivity is a way to gain the benefits of sponsorship

## Sponsorship

- Sponsorship does not generate revenue and is all about brand
- It helps to promote use case for high bandwidth propositions.
- Success can be measured through gaming and high value connectivity adoption

## Broadcasting

- eSports broadcasting will work well for telcos that already have a strong media/TV strategy and are looking to dabble in original content
- Targeted advertising could generate revenue

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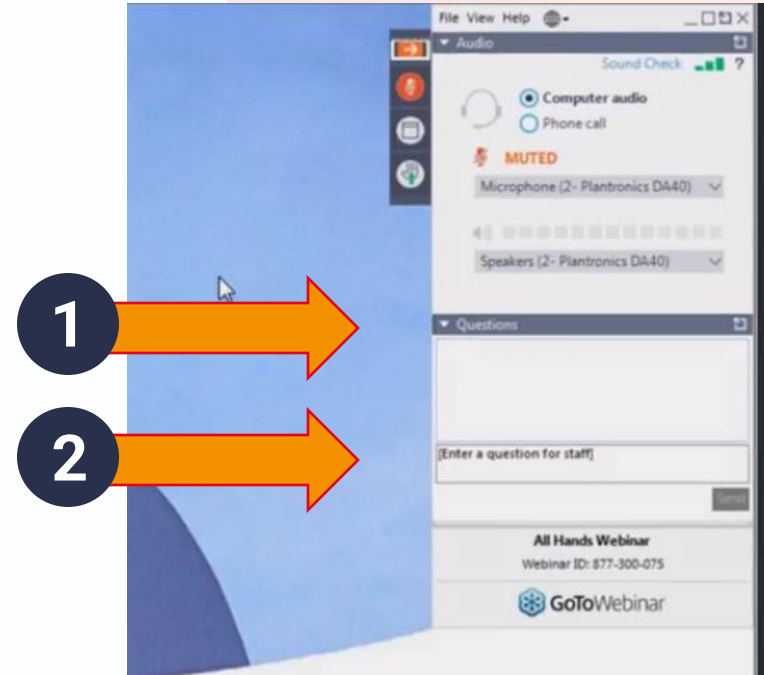
Q&A





# Q&A session

Please submit any questions using the GoToWebinar control panel



# Our Q&A panellists

## *Moderator*

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**DALIA ADIB**

Director, Consulting

## *Panellists*

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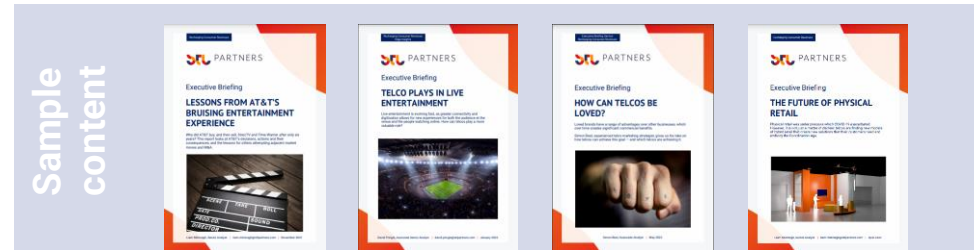
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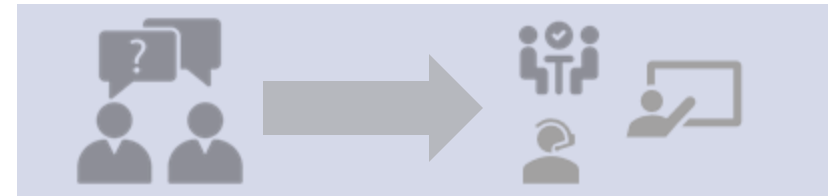
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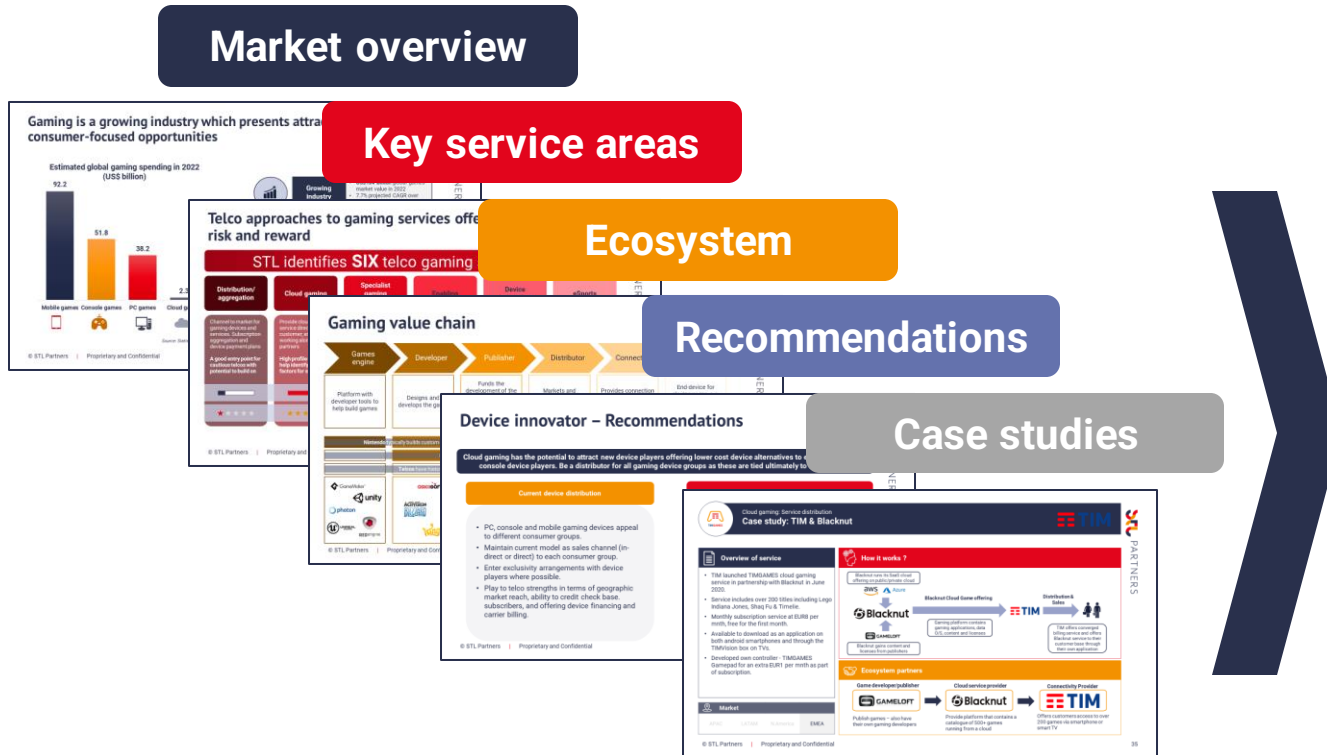
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# Digital services, gaming: Playbook highlighting six opportunities for telcos in the gaming sector

This is the first in our series of digital services playbooks. We will address a different service area each time, explaining the real opportunities for telcos and focusing on the key factors for success



- ### Find out about the gaming industry
- What are the key trends in the gaming industry?
  - Who are the key players in gaming value chains?
  - Who are gamers and how do they play?

- ### Gain insights into different roles/services telcos can adopt
- What roles can telcos play?
    - Distributor/aggregator
    - Cloud gaming
    - Specialist connectivity services
    - Technology enabler
    - Device innovator
    - eSports

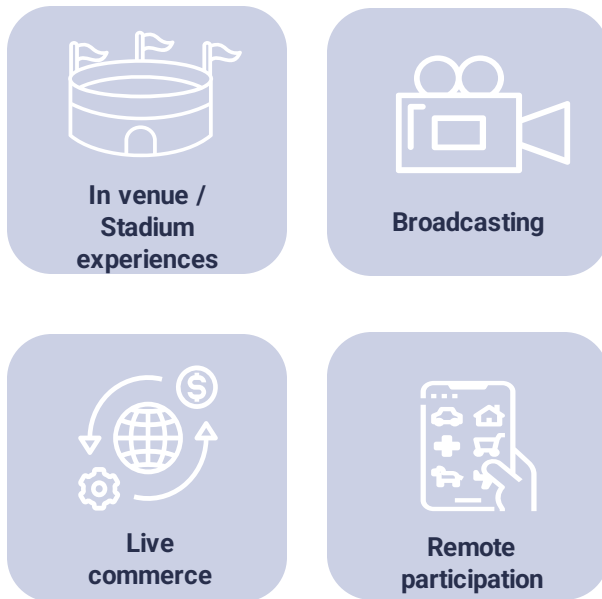
- ### Interactive tracker
- Accompanying tracker and spreadsheet identifying 90+ telco services

*A new playbook addressing a specific service area will be released every quarter*

# Our upcoming playbook will focus on the six service types/roles that telcos could adopt for live experiences

Our playbook will provide telcos with an understanding of the fundamentals of the live experiences market and present six service types/roles that telcos can take alongside detailed case studies and analysis

We are planning to focus on the following service areas:



## Find out about the live experiences market

- What are the key trends in the industry?
- Who are the key players in the value chains?
- Who is the telco audience?

## For each service area we will evaluate:

- What roles can telcos play?
- What are the key opportunities/challenges?
- What are the key recommendations ?
- What are some key examples?

## Interactive tracker

- Accompanying tracker and spreadsheet identifying over global telco services in live experiences

# Thanks for coming!

Reach out directly for any questions you may have:

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