Games via the mobile, a business with a future
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Expansión

Entertainment content via cordless appliances like mobiles is on the way to becoming one of the most lucrative businesses of the next few years

In a sector as severely punished as technology the strength of videogames is surprising. Their volume of sales will equal that of the showing of films in cinemas over the coming years, reaching a turnover of almost twenty thousand million euros by the year 2003, according to a recent article in the Economist. In the report it is noted that this sector has been able to compensate for the last two recessions with notable increases. Moreover, the classic profile of the adolescent male has evolved to one of a player with greater purchasing power whose average age is around 28, according to the Interactive Digital Software Association. This association also points out that the number of female players will soon be the same as the number of males.

Online games have achieved an unconditional following from customers. EverQuest, an online role-play game from Sony, has more than four hundred thousand subscribers with hardly any cancellations when the subscription increased from ten to thirteen euros a month. If we add to this the success that mobile devices are having and the games appliances that are offered on them, one can foresee that whoever is capable of satisfying these three needs (communication, entertainment, mobility), will be in the business with the greatest chances of making a profit in the sector. The research firm Analysis estimates that in 2007 the business in ring tones, games and screen savers for mobiles will be worth 23,000 million euros a year in Europe, 17% of the volume generated by the mobile telephone.

Online games provide Sony with margins of close to 65 percent. Thus, it is no surprise that the consultancy firm Forrester Research forecast in April 2001 that the merger between Sony and Ericsson could go much further than the strictly telephonic to profit from Red Jade, a games start up in which Ericsson was participating. The object of Red Jade, now the property of Synergix, was to develop a cordless games appliance like Nintendo's video console Game Boy that would allow one to play online. In this way SonyEricsson tried to get a slice of the lucrative portable console market, dominated by Nintendo. By June 2000, Sony had already launched PS One, a reduced version of Playstation that made it easier to transport. However, it was not a mobile console and the model came to nothing, ruining the company's plans.

According to Forrester's analysts, the merger with Ericsson could constitute a new attempt on the part of the Japanese manufacturer to enter the mobile games market. But, is there any comparison between playing a friend on a television screen and playing on a screen of six lines? The experience is much more gratifying on the former. That is why, and in spite of the fact that games will be a source of guaranteed income in the
future for mobile operators, in the short term developers will concentrate on games based on chat, in which users will be represented by the characters that they choose. This is what happens with the guests of Habbo Hotel, a Finnish web that has more than three million registered users. It seems likely that, in the near future, players will be able to participate in these through a simple chat or through short messages via the mobile (SMS).

**Improvements**

Within a very short time there will be a significant improvement in the graphics of the games and in the screens of the appliances. In fact, there already are glasses that act as a personal screen and which connect to the Playstation and give the impression of seeing a 62-inch screen. As regards movement, there are interactive gloves that for 1100 euros are able to reproduce the movements of a player accurately. In all, for 1500 euros it is possible to enter a completely mobile and almost virtual world.

It still has to be ascertained which company will be the one to organise these mobile portals on which one will be able to play online with other users. The suppliers of third generation telephony and the rest of cordless technology are getting ready to become the principal vehicle of the content.

**The Question**

"Is there any convergence between the games and mobiles industries?"

**Towards necessary collaboration**

**Brian Subirana, IESE Professor**

Both industries attack the essential needs to communicate, entertain and provide the services of mobility. It is crystal clear that a platform responding to all three needs to be developed and for that what is needed is a common standard like Windows in PCs. The traditional competitors in games and mobiles should collaborate if they want to avoid adding their names to the list of commercial failures. The success of both sectors could sow the seeds of such a failure. In the case of the mobile, because of the delay in data services. In that of the games, because of external competition. Microsoft, with its Xbox, could establish the standard that the industry needs and make it compatible with servers, PCs, electronic diaries and mobile phones. In this context, the industry that designs the games content would continue to exist. In this way, it seems that the reconfiguration of the games and mobiles industries is inevitable.

**The end of the traditional model**

**Juan Miguel López Sánchez, PwC Director**

The video game industry, one of the most dynamic sectors of the last few years, is facing a profound transformation as a consequence of the Internet phenomenon. The traditional model, based on companies that market their own consoles and games software, could be reaching its ceiling and new strategies are appearing that are based on the use of multifunctional appliances, like mobiles and diaries. The forecasts point towards a large world market in games via these new terminals, in a process of technological convergence with two essential players: the telephone operators as distributors of the service and the creative companies of leisure content. The development of this new market depends on the availability of broadband mobile nets.
and on the establishment of standards that allow adequate compatibility between different appliances.