Brazil

Brazil 1st Online Game Publisher

Company Name : Ongame Entretenimento S.A. www.ongame.com.br

Foundation : **Aug. 2004** **No. of Employees: 55**

Main Contents : **7 games in service**

Dec. 2005 Open	**Jun. 2007 Open**	**Oct. 2007 Open**	**Sep. 2009 Open**

Jul.2010 Open	**Aug.2010 Open**	**Jan.2012 Channeling Service**

Closed Games
– Gunbound : Sep. 2004 ~ Jul. 2010
– Pang Pang Terrible : May. 2005 ~ Apr. 2006
– Kick–Off : Jun. 2008 ~ May. 2009
– Kart & Crazy : Nov. 2009 ~ Feb. 2011

Brazil Game Infrastructure

- Internat users: 80 million (2011), 50 million of static users (Mar. 2012), (Total population: 200 million)
- Internat access place: PC room 30 %, house 30 %, office and others 40 %
- Total game users: About 20 million / Online game users: 5 – 6 million (estimated)
- Number of broadband lines: 16.50 million, 8.5 lines per 100 people
- Average speed of broadband: 1.8 Mbps in 2012 (17.5 Mbps in Korea, 9.1 Mbps in Japan)
- Price of using broadband line: KRW about 20,000/Mbps
- Quality of broadband:
  - Compatibility among service providers (Initial CDN service, high price)
  - Restricted to access some low-price functions (e.g. UDP access, restriction of packet volume, partial measured rate system)
- High IDC price: U$ 80 ~ 150/Mb
- Game access place: House 80 %, PC room and others: 20 %
- PC room franchise:
  - Relatively underdeveloped (About 2,000 – 3,000 PC rooms across the nation)
  - Small-scale, low PC spec. and broadline quality, bad public security
  - No charging system in PC room. Use of PP card or E-Pin sales agent.

Brazil Major Players: Game Titles

Ongame	Gunbound	Pang Online	WYD 2	Metin 2	Hero Online	Kick-off	ASDA Story	Kart & Crazy	AIKA	Point Blank	Atlantica
Levelup	Ragnarok	Grand Chase	Gunz	RF Online	Perfect World	Lunia	Maple Story	Dofus	Rune Scape	Combat Arms	Allods
(Kaizen) Hazit	Pristontale	Audition							Forsaken	Eligium	Sudden Attack
Uno Network	Panya										
Sulak	Habbo Hotel										
GunSoft	Last Caos	Last War	Landmass								
Gamemaxx	Cabal Online	Hello Kitty									
Hive	GetAmped										

Brazil Game User Environment

- ❑ Income distribution of Brazil => Application of game user income bracket
  - ❑ A, B, (C) bracket: Broadband, PC spec., paying user potential
  - ❑ Big difference of internet environment and PC spec. among users
  - ❑ Relatively low ratio of paying users
  - ❑ Relatively high ARPU
  - ❑ Considering the number of Internet and game users, the sales of the Brazilian market are still low. (High growth potential)

- ❑ Game user response type (CCU growth type)
  - ❑ Consistent growth: Low initial response. It takes about 1 – 1.5 years to reach max. number of simultaneous access
  - ❑ Relatively high loyalty: Relatively long sales life
  - ❑ Consistent marketing and community management are important rather than initial concentrated marketing.

- ❑ Game trend
  - ❑ FPS: Largest users (Largely affected by CS)
  - ❑ RPG: High loyalty of casual communties

- ❑ Payment environment
  - ❑ Electronic billing system is general. (It takes about 24 hours – three days.)
  - ❑ Cash card or account transfer through banking system is more popular than credit card.
  - ❑ In terms of off-line, payment usually occurs in PC rooms. Relatively underdeveloped in convenient stores or through other POSs.
  - ❑ Underdeveloped mobile payment: Due to high tax, high royalty of service providers, high ratio of using cellular phones with pre-paid card (80%)

Brazil Game Business Environment (SWOT Abalysis)

S	O
▪ Large market considering population ▪ Rapid growth of infrastructure ▪ Increase in middle income families (C class) ▪ High game loyalty ▪ High ARPU	▪ High growth potential: Emerging market type ▪ Low publishers and games considering market size ▪ High sales and growth potential when the ratio of PU increases
W	**T**
▪ Low ratio of middle income families => Low ratio of PU ▪ Different infrastructure levels among regions ▪ Different user infrastructure environments ▪ Lack of mobile paymenet system ▪ Gradual and consistent game growth	▪ Difficult to do business (Ranks 126th) ▪ Handling after sales service and lawsuits ▪ Gambling games and games attracting people with free gift prohibited: High legal penalty ▪ Geographical distance from Korea

Brazil Game Service Model

❑ **English platform service + Overseas billing service**

    ❑ Advantageous to increas high response of local users at a low price

    ❑ Available to secure high rate of return with direct service

    ❑ Limited to increase general users except heavy users who use overseas services for a long time

    ❑ Hostile to use overseas billing system

❑ **Local language service + Interwork with local billing service**

    ❑ Advantageous to secure PU by interworking with the billing service, popular among local users

    ❑ PU growth and business success depend on local language service and areal marketing.

    ❑ Attempts to restrict on the royalty payment of the services not contributing to job creation and tax in Brazil.

❑ **Publishing model**

    ❑ Important to have a long-term partnership considering the characteristics and environments of Brazile

❑ **Direct entry to Brazilian market**

    ❑ Difficult environment to do business, language, visa, geographical distance

    ❑ Difficult to select local partners

    ❑ Market to handle long-term ROI

ONGAME