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## Interview: Jump Games And The US Mobile Games Market; 70% Of Revenues Are From Overseas

Posted By [Nikhil Pahwa](#) On October 21, 2008 @ 10:16 am In [Gaming](#), [Jump Games](#), [Mobile](#) | [2 Comments](#)



[1] Reliance Entertainment company [2] [Jump Games](#) launched its US operations, setting up shop in Chicago. Jump has also set up an office in Singapore, and announced plans for a London office. Remember that Jump has licensed Manchester United content for a period of 3 years, a deal that is believed to be worth over \$50 million. MediaNama spoke to Salil Bhargava, CEO of Jump Games. In Part 1 of this interview, Bhargava talks about the US market and why they launched services there, what they are looking for in an acquisition, and most importantly, how mobile operators across the globe have changed the policy for accepting games:

### **Why have you entered the US market?**

Well, if you look at the mobile gaming industry, the US is a very very important part of the business: from a geographic point of view, there are only five or six carriers. It's easier to do business: it's a very well established business model in terms of revenues and operator share. If you look at US, it's a very big driver of mobile gaming revenues - maybe two or three years ago that wasn't the case, but it has rapidly become a much more important market than Europe as well.

### **How big is the mobile gaming market in the US, if you take out the operator share?**

If you take out the operator share, it's around \$400-500 million. It's the largest market in the world, in terms of a single country. If you include the operator share, it's almost a \$1 billion market, with operator shares at 50 percent. Verizon is the largest, then there's Singular and AT&T.

### **How much are you investing?**

We've opened an office in Chicago, and will be adding sales and QA (Quality Assurance) people in the US, because a lot of network testing can't happen in India. Ultimately, over the next year, we really want to establish a design studio there. We've built the back-end infrastructure here in India. If you look at all the global majors, it's a rapidly consolidating market. All the ones who are successful right now were the ones who were early enough to establish a back end, particularly here in India. Our focus has been to build out our back-end infrastructure. The idea is that by end of March, we will be 250 people in Pune, and leverage the lower cost infrastructure we have here to

feed all the markets. Game design and high-end game production - even on the cell phones - I don't think we have the experience yet. It could be a 10-15 people studio for concept work and building, and the porting and maximum QA happens here in India, and last bit of the QA in the US.

**Why are you planning a design studio in the US?**

The carriers have become very strict about the criterion. There's a 3 strike rule, and game can get pushed to the back of the queue. We have to be careful about the criteria now. All these things really lengthen the process from creation to going up on the deck. In India, we really need to improve on the design capability. Today we outsource most of the game design - the concept, not the artwork. The artwork is good in India. Which is why we want to establish a design studio. Over a long term, we want to transfer that knowledge to India.

**What kind of an investment would it require to set up a design studio in the US?**

Really depends, but you're looking at around a \$1 million at least - it's really about the people. At the same time, there are opportunities for inorganic growth. There's so much consolidation in the mobile gaming business - the smaller companies are feeling the heat because of the credit crunch. So we're talking to people, and looking - when the right opportunity comes, we'll take the decision.

**What capabilities are you looking for, in an acquisition - market presence, content licenses....?**

There are various criteria - definitely one of things we're looking for is distribution - would it be easier for us to buy instead of setting up our own distribution channel, which we're in the process of creating. We're looking at people, technology, design capabilities, content library.

**Have you set a timeline by which you have to close this?**

No deadline as such, but there is an active interest.

**When will the US start contributing to revenues for you?**

Well, it already is. We have multiple relationships, but it's very important for us to have a local presence. Amit, whom we've hired, is the global head of sales.

**How does South America play out as a market for you?**

It's a very interesting market - so far we've done things through partners, but we're getting a lot of interest for the Manchester United content. Brazil interests us a lot - it's a \$200-300 million dollars as a market, then there's Argentina and Mexico. The Americas office in the US will cater to entire South America. We're looking to increase the content portfolio.

**What about US as a content licensing market?**

The US is still one of the more significant generators of content, which appeal globally. So we're very strongly looking at enhancing that portfolio. One is from a game licensing perspective - and if people have content libraries, we might even buy them out.

**What was the reasoning behind the Manchester United deal? Just getting a big brand?**

We really wanted to establish ourselves in the world market, and we couldn't think of a bigger brand than Manchester United - it's among the top 10 recognized brands. And definitely there are revenue implications.

**Do you see a revenue of above \$50 million from Manchester United content?**

I'm really not going to go into revenue figures - I'm contractually bound.

**How many operators are you live with?**

We're live with 5 operators in India, and around 45 globally.

**How much does International contribute to your revenues?**

Around 70 percent.

**How is the your pay-per-play model been doing in Europe?**

It's been doing okay. The whole pay-per-play model hasn't been pushed yet in Europe. There's just a lot of consolidation taking place in Europe. A lot of partners we're working with right now are focused on that. The pay-per-play model, in 2-3 years, is going to be an important part of the business. The margins on the pay-per-play are similar as in case of downloads. Pay-per-play model is where a good game makes a big difference. At times, we've made more money on pay-per-play than pay-per-download.

**Tomorrow, in Part 2:** The Mobile Gaming market in India.

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