Basic Industry Information

- The video games development industry is recognized by the government as a high potential segment of the Philippines’ Creative Services industry.

- The first games in produced can be traced back to the 1990s with the entry of console and arcade game content development for Japanese publishers. These companies pioneered the concept of offshore outsourcing in-game development.

- In the 2000s, the industry started to gain mainstream media attention with the development of the first RPG (Role Playing Game).

- The agglomeration of local game development companies and indie developers led to the establishment of the Philippine chapter of the Independent Game Developers Association (IGDA) in 2003. This eventually paved the way to the creation of the Game Developers Association of the Philippines (GDAP) in 2007.

- Since computer games are essentially software products that can be developed in any country in the world, the government recognized the significance of the industry and is doing everything they can to attract game development talent and investment.

Industry Association/s

- Game Developers Association of the Philippines (GDAP) www.gdap.org.ph

Product/Services

Art Sector

The workforce is equipped with the skills to perform 2D and 3D art and animation, character illustration, graphic arts, motion capture services, and music and sound production.

Programming Sector

The Philippines has one of the most globally competitive game programmers in Asia, developing a wide variety of games for different platforms – mobile, desktop, console, and the Web. These skilled developers possess a solid background in computer and application programming and other tools and frameworks to improve existing game engines or develop their own.

Support Sector

The Philippines offers services that complement the corporate goals of gaming companies by providing expertise on retention and monetization of video game communities. Player retention is strengthened through skillful customer support, systematic game moderation, and strategic community management. The country has been a preferred provider of game management support to international production outfits worldwide and for casual games for social networking sites.

Major Players

The local game development ecosystem is made of many small players, of which the top 5 companies is projected to have 79 percent of total revenues.

Industry Performance

- The Filipino gaming development industry is on the threshold of an impending boom. The growth of local industry continues and the expand market share and range of services is evident as homegrown companies take advantage of global video game industry opportunities. This brings an ever-increasing likelihood that the next big video game title will have Filipino imprint on it.

- From merely having 90 workers in 2006, the game industry has grown to reach about 2,111 workers in 2015. Industry revenues reached US$ 24.1 million in 2015 made up mostly of games from PC/MAC platforms while entertainment games are the largest in terms of type of service.

<table>
<thead>
<tr>
<th>Game Development Revenue By Service Type (2016)</th>
<th>Game Development Revenue 2016 By Services Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied/Serious/Educational Games</td>
<td>Others</td>
</tr>
<tr>
<td>Entertainment-Based Games</td>
<td>Online games</td>
</tr>
<tr>
<td></td>
<td>Mobile phone and Tablet…</td>
</tr>
<tr>
<td></td>
<td>PC/MAC games</td>
</tr>
<tr>
<td></td>
<td>TV/Console games</td>
</tr>
</tbody>
</table>

Other Market Statistics, 2016

- Number of Sizeable Companies: 23%
- Top 5 Companies Market Share: 79%
GAME DEVELOPMENT

Vision, Goals, Target and Milestones

- Roadmap 2022 projects the industry to employ 4,055 workers, growing at a consolidated annual growth rate (CAGR). Revenues to grow annually by 13.5 percent to reach 51.3 million by 2022.

- Game development revenue per employee will reach US$12.7 thousand by 2022 up from US$11.4 in 2015.

- The convergence of technologies and gaming platforms, demographic shifts, demand for cost-efficient development, and technological advancements are all fundamentally changing the ways in which games are played.

- The global mobile gaming's torrid pace of growth will influence the Philippines' growth at revenues from this segment will comprise 25 percent of industry total by 2022. This is in line with projections that mobile gaming will account for almost half that total global games revenues. (Newzoo report)

Supply of Graduates and Human Resources

- Strong competencies in game development for web, PC, and mobile. Skill sets for console games.
- Employing over 9,000 artists in Animation and 4,000 professionals in game development.
- 15,000 additional employees doing game support, testing and other related activities in contact centers.
- 93% Educated Population and the largest English speaking country in ASIA
- Respect for Intellectual Property
- 530,000+ college graduates annually (over > 100,000 in the field of IT and engineering)

Academic Partnerships

- BS EMC Bachelor of Science in Entertainment and Multimedia Computing – Approved in 2014
- National technical vocational program for Game Programming/Art & Animation (TESDA)
- Projecting 1,500 specialized graduates in 4 to 5 years (GameDev + Animation)

Revenue Forecast (2016-2022) USD Million

<table>
<thead>
<tr>
<th></th>
<th>2016E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR</td>
<td>13.5%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

Employment Forecast (2016-2022)

<table>
<thead>
<tr>
<th></th>
<th>2016E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR</td>
<td>11.5%</td>
<td></td>
</tr>
</tbody>
</table>

Revenue Per FTE '000

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>11.4</td>
<td>12.7</td>
</tr>
</tbody>
</table>

Future Growth (2016-2022) Game Development

<table>
<thead>
<tr>
<th></th>
<th>Mobile</th>
<th>PC/MAC</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth (%)</td>
<td>18%</td>
<td>16%</td>
<td>25%</td>
</tr>
</tbody>
</table>

1 Commission on Higher Education (CHED) and Everest Analysis 2010
GAME DEVELOPMENT