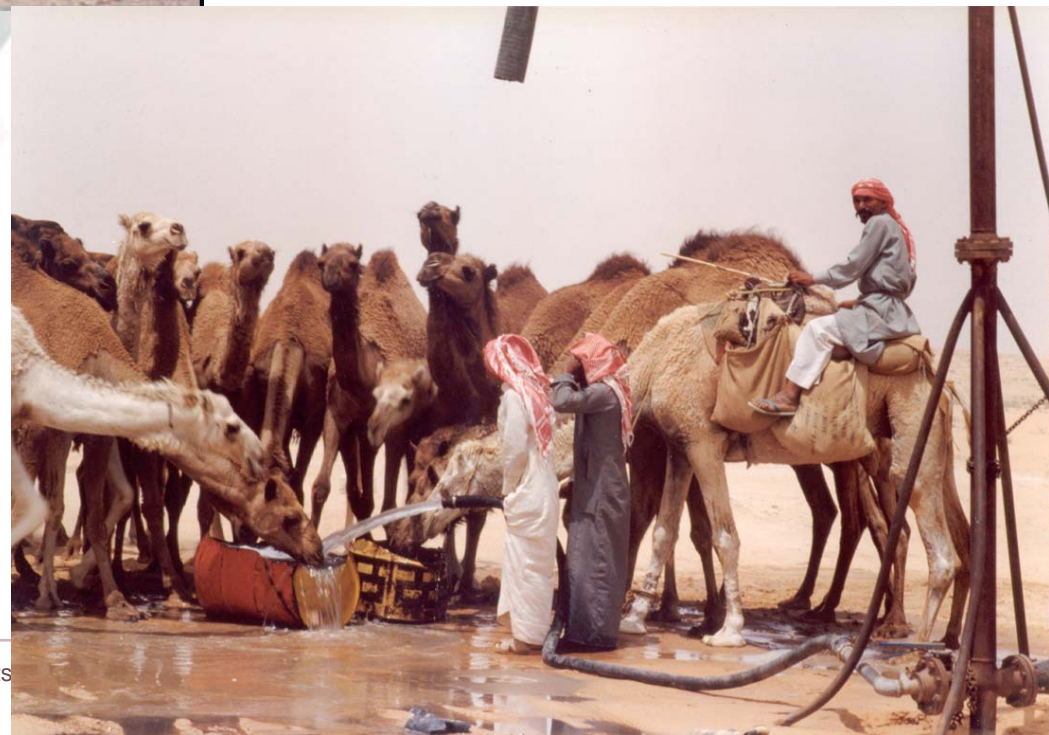


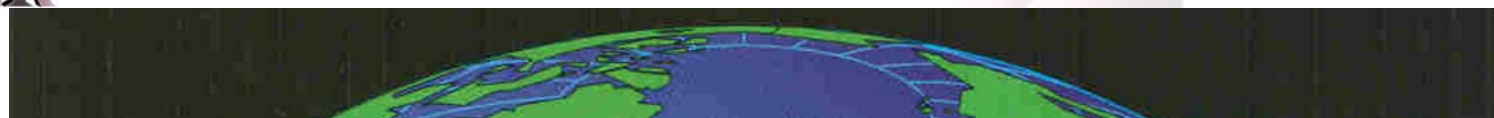


Gaming Business in the Middle East: Opportunities and Challenges





Region Overview



ArabBay.com
Copyright © - All Rights Reserved



Region Overview

- Population 338M - Area 13,900 km²
- 21 Countries have many in common, and so many versatility.
- Commons include:
 - Modesty and family values
 - Religion: Islam & Christianity
 - Language: Arabic
- Versatility in
 - Social
 - Economic
 - Technology

Region Economy

- Purchasing Power Parity (PPP) is an economic indicator for the purchasing capabilities of families
- PPP indicator ranges from
 - The highest
 - UAE \$49,600 (3rd worldwide)
 - Qatar \$29,800 (28th worldwide)
 - Bahrain \$25,800
 - To the lowest
 - Syria \$4,200
 - Sudan \$2,400
 - Yemen \$1000
 - And in between
- Contains some of the richest & poorest countries in the world



Region Society

Age Group	Total	Percent
0 - 4	41M	12.1%
5 - 9	36M	10.6%
10 - 14	36M	10.6%
15 - 19	35M	10.3%
20 - 29	65M	19.2%
30+	122M	36.2%
Male Percent	174M	51.7%



Technology in the Region

Indicator	Total
Internet Penetration (% Population) – 2007	10.5% 7% Palestine 33.2% UAE
Internet Users - 2007	35M 8.6M Egypt 220K Yemen
Internet Usage Growth (2000 – 2007)	1400%
Internet Users – Est. 2010	58M
Broadband Lines - 2007	2.6M 50% increase over 2006
Broadband Lines – Est. 2010	6.4M



Technology in the Region Broadband

- Broadband has taken off in the region 2 years ago
- Most countries in the region have started large investments for broadband infrastructure (both 3G and DSL technologies)
 - Growth of broadband lines per country between 50-120% yearly. Saudi Arabia DSL lines grew %480 between 2005-2007
 - Estimated number of 3G users by 2010 3M



Technology in the Region

Cyber Cafes

- The most important teens activity in the region is attending cyber cafes
- After 7:00pm, cyber cafes are packed
- A survey of two capitals
 - Damascus: 2500 cafes (10 computers or above)
 - Cairo: 6000 cafes (10 computers or above)
- Voice and video chat
- Multiplayer games
 - Sports: Need for Speed, FIFA
 - FPS: Call of Duty, Counter Strike, Metal Gear
 - Strategy: Warcraft, C&C



Technology in the Region Computers

- PCs are the dominant gaming platform
- The latest versions of 3D games are acquired and played by teens in Internet cafes and at homes.
- High end cheap locally assembled PCs are very popular
 - High end CPU - 2 GB RAM - 512 MB Video Card – 17" Monitor
 - \$600



Laws & Regulations In the Region

- Everything is permitted
 - No laws or regulations exist in regards to gaming in the region
- Yet, any thing could be prohibited!
- Hard to predict what could be prohibited and what could be ignored and permitted!!
- Several parties are responsible for permitting or prohibiting
 - Religious Institutions
 - Governments
 - Public

Laws & Regulations In the Region Pokemon

- Spacetoon obtained the license for Pokemon publishing in the MENA region
- 1 year after the launch, a Fatwa (religious decision by some scholars) prohibited watching Pokemon!
 - Pokemon promotes Darwinian Evolution
 - Pokemon games promotes gambling
- Public responded with rumors
 - Pokemon character names are words of blasphemy



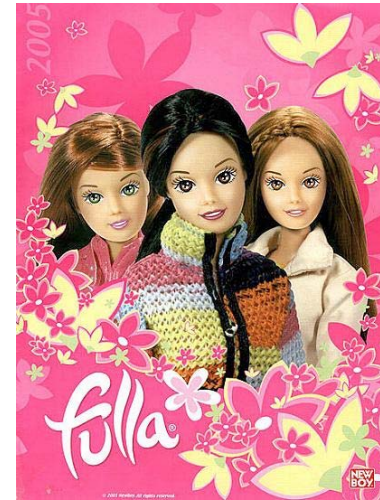


Laws & Regulations In the Region Pokemon

- The complete line of Pokemon products were either banned and/or deserted by public
 - Merchandise, movies, toys, games, etc.
- Disastrous loss for the group
- Lesson Learnt: Culturalization is the key to success in the region
 - Understand the culture correctly, and customize your product to fit this culture
 - Avoid taboos
 - Promote cultural values

Laws & Regulations in the Region Fulla

- Fulla the doll
 - Our culturalized replica of Barbie
 - Middle Eastern brunette doll
 - “Virtuous Doll”
- Fulla is the dominant trademark for all girl apparels, accessories, and school materials
- Over 4M dolls and over 10M accessories and apparels sold in the past 4 years
- 4,000 articles on world media (BBC, Herald, CNN, etc.) about how Fulla was able to drive Barbie out of the market!



Laws & Regulations in the Region Fulla

- Fulla success
 - Fulla has no boyfriend
 - Fulla is not blonde
 - Fulla's clothing is modest
 - Parents encourage their daughters to buy everything "Fulla"





MMO In The Region



Status Quo

- Rough estimation: 250k MMO players, and 1M browser based players
- Mostly: WOW, and some FTP MMOs
- 35M Internet user
- Percentage: ~0%
- The Arab World is an untouched MMO Gaming market.



Theoretically.... The Opposite!!

- The MMO Gaming should be very popular
 - Percentage of group age 5 - 30 years is the highest in the world (52% vs. 40% world average)
 - Cyber cafes are full with kids and teens:
 - Chat
 - Social activities
 - Multiplayer game play
 - High percentage of Internet usage growth
 - Money is usually not a problem

WHY???

- No game publishers actively operating in the market
 - Localize and culturalize the games
 - Educate the concept of MMO games



Publishers Operating in the Region

- Gravity Middle East
 - Started operation 2005
 - Planned to publish Ragnarok II
 - Currently CBT for Ragnarok I
- Travian Games
 - Published its own browser based game
- A Chinese company announced their plans to publish several games in the region
- Game Power 7
 - Started operation November 2007
 - Publishing the first 3D MMO Game by the end of 2008
 - Actively pursuing other online games cooperation opportunities



Challenges for Game Publishers

- Customer education
 - Less than 20% of kids and teens know what an MMO is and how you play it
- Payment methods
 - Credit cards are not widely used
 - Credit cards are rarely used online
 - No payment cards exist in the market
- Internet Data Centers
 - Very few IDCs can be considered good enough for an MMO
 - Bandwidth and server collocation costs are very high
- Absence of official statistics and market studies
 - All statistics that we used were “local made” through the help of our offices in the region



Game Publisher Requirements

- Heavy experience in region culture and taste
- Media access to educate customer of MMO games concept and promote the published games
- Strong regional presence and experience
- Ability to create and distribute needed payment cards



Expectations

	2007	2010	2013
Internet Users	35M	58M	88M
MMO Players	250K	5.8M	17.6M
Percent MMO Players / Internet Users	~ 0%	10%	20%



General Profile





Weiss Investment

Media

SpaceToon &
Space Power TV & Radio Channels

Spacetoon Production, Tiger Production,
& Venus Production

Spacetoon Magazine, Interactive CDs

spacetoon.com - SpaceZee

Trading

New Boy, Sweet Toon, Spacetoonat,
Pedia Tech

Real Estate

Spacetoon Mall, Spacetoon Theme Park

Gaming

Game Power 7



Spacetoon TV

- Satellite, free-to-air TV channels
 - Arabic
 - English
 - Bahasa
 - Indian
 - Russian
 - Farsi
- Kids edutainment cartoon channels
- Owns the largest library of Arabic dubbed animation in the world
- 85% of surveyed mothers said that they encourage their children to watch Spacetoon because of the "educational children programs"
- Spacetoon in-house studios produce proprietary cartoon programs
 - Licensed by other media companies
 - Requested by international organizations to convey global development messages to kids



Spacetoon.com

- Highest ranked Arabic website for kids
- Largest Arabic website for kids
 - Education, news, Entertainment, interactive, etc.)
- 85,000 active registered users
- 7 million hits per day



Other Media

- Spacatoon Magazine
- Spacatoon Radio
- Media Production
 - Spacatoon Production
 - Tiger Production
 - Venus Production
- Spacatoonat (Department Stores)
- SweetToon (Kids Nutrition)
- Pedia Tech (Technology)
- New Boy (Toys and Learning Materials)



Space Power



- A satellite, free-to-air TV channel
- Dedicated to teens & adolescence in the Arab world
- A pioneer channel, the first of its kind in the region.
- Conveys an educational message combined with entertainment.
- Sports, music, movies, reality programs, news & talk shows, Gaming and robot programs, etc.
- Accompanied by
 - Monthly Magazine
 - Social Web Site
- Launched April 2008



Partnerships in Korea

NFLAVOR

- Publishing Rappelz in our region
- First company to cooperate with us to culturalize and localize an MMO Game
- Building future cooperation and partnership plans



Partnerships in Korea



- Complete cooperation framework
 - Global gaming shows
 - Global gaming events
 - Global game publishing and development