

PLAYABLE FUTURES

*NEXT GEN THINKING FOR
THE FUTURE OF PLAY*

VOL.1

ukie



sumo
G R O U P

gamesindustry.biz

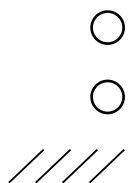


WHAT IS PLAYABLE FUTURES?

Playable Futures is a collection of insights, interviews and articles from global games leaders sharing their visions of where the industry and medium will go next. This volume collects the first four articles from the series, offering perspectives on esports, games and education, the metaverse, VR and AR, and much more besides. The series is brought to you in partnership with Ukie, Sumo Group, GamesIndustry.biz and Diva Agency.

CONTENTS

Ian Livingstone, Hiro Capital	3-4
Steven Ma, Tencent	5-6
Bukola Akingbade, Kucheza Gaming	7-8
Craig Levine, ESL Gaming	9-11





INTERVIEW

SIR IAN LIVINGSTONE

HIRO CAPITAL

*MY VISION FOR
GAMES IN 2022*

Sir Ian Livingstone: My Vision for Games in 2022

AUTHOR: Ian Livingstone, Partner, HIRO Capital

Sitting in my office at home at the start of 2022 surrounded by 1,500 board and video games, I feel as excited as ever to be part of the amazing games industry. I started my first games company in 1975 with Games Workshop – D&D/Warhammer. In those days, the industry was homebrewed. We made it up as we went along, and growth was slow. After leaving Games Workshop, I co-led my first listed video games company in 1995 with Eidos (Lara Croft: Tomb Raider). Those days were quite volatile due to the risk and challenges of physical media and distribution.

Fast forward to today, we have games as a service being enjoyed by tens of millions of gamers worldwide with games now at the heart of the new economy. After leaving Eidos, I began investing in game studios, some of which became hugely successful, including Playdemic (Golf Clash), Mediatonic (Fall Guys), and Sumo Digital. This path led me to co-founding games and metaverse VC fund Hiro Capital - <https://hiro.capital/>. We've invested in innovative studios and platforms including Twin Suns Studios, FRVR, Snowprint, Polyarc, Happy Volcano, Double Loop, Flavourworks and Keen Games with more to come.

Games are at the sharp end of new consumer technology. Radical new tech tends to find its first utility in games - that was true back in the day with the first arcade machines and the early home consoles, and it's even more true today with streaming, VR and Web 3.0.

As for the future, I'm focussing on:

Total Addressable Market Growth

The games market just keeps growing as more and more people get next-gen smartphones, 5G rolls out, etc., but games growth is still early stage in some continental markets.

Multiplayer, Cross platform, Cross Play

It's not a new theme but it's still only a small proportion of games that can be played seamlessly on multiple platforms with deep cross-play. We will see more and more of this.

Metaverse MMO's - both Web 2 and Web 3

The Metaverse is already an overused and poorly defined concept. As it happens, Hiro Capital was named after the lead character in the book (Snowcrash) that coined the term and at the fund we have a broad and clear definition of Metaverse and its components.

So far, we have made several Metaverse investments in themes around creator platforms, no code game development, virtual avatars, and so on. We are excited about games as next generation social networks and immersive worlds where you can share collaborative experiences and express yourself more meaningfully than you can with a tweet or a like by being able to create content with your friends within these massive social worlds and enjoy live events together.

We review a lot of social game world ideas, some of them built on traditional game platforms, some in VR, and some on the blockchain. They are all interesting, but we always come back to the fundamental question of 'Why would I want to go there in the first place?' which comes down to my old maxim of 'Gameplay, Gameplay, Gameplay!' If the gameplay is great, and the more these persistent worlds resonate with who we are as human beings, digital identity, community, and crafting, then the more excited I get about a concept.

Digital Assets, NFT's, Earnium and Web 3.0

I've been a big believer in owning in-game assets and collectibles since painting and owning my own D&D miniatures in the 1970s! People become emotionally attached to their player-characters, and that connection has value. The fact that collectibles moved into Web 2.0 digital games over the last 20 years (\$50bn of game skins annually!) is perfectly understandable. And now Web 3.0 offers the promise of truly owning your game assets and trading them as NFT's. The challenge is designing great gameplay that is twinned with a meaningful reason for why a game would be better on the blockchain.

VR and AR

At Hiro, we invested in VR quite early. I was initially sceptical, but VR is now going mass market. Our investments in Polyarc, FitXR and LIV made me believe in the VR/AR future.

Game Creator Platforms, Earnium and Web 3.0 Composability

Whilst I'm not the techie in our fund, we have strong interest in creator platforms and Web 3.0 composability. Clearly this generation of gamers want to express themselves, sometimes by streaming themselves, sometimes by modding or building their own games, and that's great. It's remarkable the way the industry has evolved from Premium to Freemium and now Earnium.

Sir Ian Livingstone is renowned as co-founder of Games Workshop and former chairman of Eidos and Sumo Group. Famed for his role in launching Tomb Raider, he is presently a co-founding partner of venture capital fund Hiro Capital.

The opportunity to empower a new generation of creators who can make a living from games is exciting.

Summary

Games as entertainment and social networks with compelling game play mechanics and technologies are becoming central to the new economy. In many ways games are driving entertainment and social networks, with influence growing by the gamification of fitness, health and education. We are early in the Metaverse, in VR and AR, in Web 3.0 and in the Blockchain — the total evolution will take many years.

But, as ever in the games industry, the opportunities are exciting. The UK video games industry is a fantastic success story and continues to punch above its weight in content creation despite having been historically underserved by growth capital. But this scenario is rapidly changing as investors now understand the social, cultural and educational value of games as well as it being an economic powerhouse and revenue generator with unicorn exit potential for studios.

At the core, my focus remains on 'gameplay, gameplay, gameplay' and, on the back of that, creators who are building great IP. On a personal note, I recently opened the Livingstone Academy Bournemouth in association with Aspirations Academies Trust: <https://www.livingstone-aspirations.org/> It is an all-through state school for ages four to eighteen that aims to give its students the tools they need to succeed as young creators in a digital world. I'm especially proud of the school and I'm excited to see what the next generation of children will create, especially games.

Game on!

A portrait of Steven Ma, a man with short dark hair, wearing a dark polo shirt, smiling slightly. He is standing against a background that transitions from a light orange at the top to a dark red at the bottom. The text is overlaid on a black rectangular area in the lower-left portion of the image.

INTERVIEW

STEVEN MA

Tencent

*THE FUTURE OF GAMES IS FAR
MORE THAN THE METAVERSE*

The Future of Games is Far More than the Metaverse: Let's Talk 'Hyper Digital Reality'

AUTHOR: Steven Ma, Senior Vice President, Tencent.

Mr. Ma is the Tencent senior vice president responsible for publishing and operations of licensed games, the QQGame platform, QTalk, and back-end R&D, along with Tencent Games' global business development and investment initiatives.

It wasn't long ago that video gaming meant playing Pong in an arcade or firing up an eight-bit home console to shoot blocky space invaders.

Today, we play games with 3D graphics at 4K resolution on a PlayStation 5 or Xbox Series X – if you can find one – or on your state-of-the-art smartphone. And increasingly, as hardware specs improve and developers build new content, by slipping on a VR headset and entering a 360-degree virtual world.

Games are created for entertainment, whether they use cards, a board, a smartphone, PC, console, or headset. But a funny thing has happened since the world of gaming moved from analogue to digital, from the real world to virtual ones: never before have so many around the globe been connected with each other. To give you a sense of size and scope, here's but one example: since Tencent Games launched PUBG MOBILE in 2018, players have downloaded the game over 1 billion times. That's roughly one out of every 7.7 people on the planet downloading and playing a single video game with each other on their mobile phones.

And daily, some 50 million players from dozens of countries, including the UK, US, Brazil and more team up in PUBG MOBILE to accomplish their mission. So, it occurs to me, as the head of Tencent Games – the world's largest games platform company by many measures – that it's time for game developers to accomplish ours.

Impact Beyond Revenue

We could savour the popularity of our many great games and the revenue they bring in. But that would squander a much-bigger opportunity to make the world we live in better. Startup founders and executives often wave the wand about greater purpose and altruism, but we all know the real magic is in action and results.

The games sector has reached an inflection point. For a company like Tencent, we believe that when you have such a large, engaged global audience, it comes with many responsibilities. While we will continue to lead the way with advances in technology and player experience, we must apply them to the needs of broader society. And keeping the global community in mind is very much in line with Tencent's overall mission statement: "value for users, tech for good."

I love music and culture. I was recently reminded of how games can play a role in promoting and preserving both when my country's most-popular game – Honor of Kings – produced a new in-game skin inspired by traditional Chinese Yue Opera. Attendance at live performances has, sadly, dwindled in

recent years. Imagine my surprise, though, when I found some 80 million players have used the skin, exposing them to the genre and its characters and generating renewed interest in what previously looked to be a dying art form.

To extend this further, we think it's on us and other creators of new and groundbreaking technology to tackle real-world issues.

A Powerful Medium

For example, using video games and technology to help deliver better results in education. Starting in 2018, Tencent got serious about Serious Games, publishing ones that taught users typing and geometry at their own pace – and in a fun and engaging way. A year later, we demonstrated our technological prowess, both with a game that enabled the visually impaired to play, and another that allowed the visually unimpaired to experience the world without full eyesight.

Then, last year, I was excited to hear about the 'MindPod,' a gaming experience aimed at helping repair the brains of stroke victims from MindMaze Healthcare. Motion-sensitive cameras track the arm movements of stroke patients as they guide an onscreen dolphin over a floor-to-ceiling screen to catch fish. The actions supposedly gave a "jolt" to the players' brains, enabling them to recover some of their mobility. And it's more than just a good idea. I saw the game is being put to practical use in the UK's Royal Buckinghamshire Hospital.

Our responsibility as a leading game platform also means ensuring a healthy environment for all, with a special focus on our younger players. As such, Tencent is involved in several programs, including the #WePROTECT Global Alliance, which aims to provide a safer and more secure internet for children and adolescents.

Though I marvel at how technology – the hardware, software, connectivity, coding, and more – has fundamentally changed the way we play and engage with each other – we should bear in mind gaming is not all about technology.

Blending Experiences

This brings us to the metaverse and what it means to Tencent and the entire game sector. For us, it is but one iteration of many versions of what we refer to as 'Hyper Digital Reality' in our present and future. In fact, some of the gametech examples above show how we and others are already integrating the real and virtual worlds.

We see this kind of blended experience in esports, where arenas worldwide are filled with fans cheering on teams playing a digital

sport, while millions more watch livestreams remotely and interact with each other via online chat and social platforms. And, as the world found itself highly restricted from live performances last year, millions of players of Fortnite were treated to an interactive, in-game Ariana Grande musical tour, just the latest demonstration of Hyper Digital Reality by Epic Games.

We see that some pioneers have begun to realise their vision with a purpose-built metaverse of their own, migrating their content and audience to a pre-formed digital destination. Our approach is different. We are a technology company. But drill into us, and at our core, you will also find a content- and experience-driven company. We believe in using technology to push the limits of great content, enabling and creating new experiences for our community.

What I'm saying is the metaverse's day will come. That day is just not today. And also keep your eyes on the content and user experience. Don't focus on the platform or the means to access it. What we see today is indeed a leap from what we had just a few years ago. But it's also still primitive, experimental, and because of technological momentum, going to change and improve rapidly, as all digital platforms and hardware have over the past four decades.

I'm not sure exactly where gaming is heading. However, I do know that when your VR headset hiccups or your screen drops frames or freezes, that's a reminder it is still in its infancy. And as far as we've already come, technologically, experientially and otherwise, what excites me is I am 100% sure that the best in game content, experience and technology is still ahead of us.



INTERVIEW

BUKOLA AKINGBADE

KUCHEZA

SPARKING CURIOSITY

Sparking curiosity: Kucheza Gaming considers a future shaped by the intersection of games and education - a future that starts in Nigeria

AUTHOR: Bukola Akingbade, Founder and CEO, Kucheza Gaming.

Kucheza Gaming uses the power of video games to engage and get future generations ready to pursue careers in gaming, and change the world. They're only just getting started.

I grew up with games. It started with traditional games like ludo, draughts and Ayo, an indigenous Yoruba game (also known as 'mancala' in other cultures). I'd spend hours watching my Uncle and cousins in heated gameplay. As was customary in those days, girls were not allowed to participate or compete, but I did. I played table tennis, shot pool and competed in various sports. It wasn't a giant leap therefore, to make the transition to video games. Although my first console was a Commodore 64, the game I loved to play the most was Gadius, on the Nintendo. Now, as a mother, I can proudly say that we have a playful home. This notion of 'play' extends beyond video games. Our ethos as parents revolves around play-based thinking. Exploring the link between games and education has always been at the forefront of my interactions, with children specifically.

Despite holding a first degree in Architecture, I have spent the past two decades building a career in marketing with a particular focus on behavioural trends. I began to observe a trend within my own home. My children would constantly complain to me about how boring school was for them. Now, I'm pretty sure I articulated the very same sentiment when I was young, so I could definitely empathise! I also noticed that no such complaint emerged when they were engaged with games. So I started to study Africa's games market.

The way people access games here in Nigeria and on the continent, is definitely different from places like Europe and the US. Traditionally, developing economies as seen in parts of Africa are hindered by a severe lack of infrastructure, which directly hinders access to popular video gaming devices. Today, we see minimal growth in PC and console gaming across Africa, however mobile is where the real growth lies.

The more we studied the market, the more we saw the potential for growth within the games industry, with mobile being the democratiser. 95% of all video games played in Africa are played on a mobile device. With a median age of 19.5 years, the fastest growing and most youthful continent, Africa can now contribute and compete due to access. This trend will continue to accelerate to 945 million people under the age of 24, by 2050. A realisation led us to start thinking about how the games industry could meaningfully impact Africa's youth. Games catch the attention of kids and teens in ways the more traditional teaching methods do not. With clever game design, the power of games to directly or inadvertently teach lessons is clear. Take Minecraft for example; even as a trained architect, I can clearly see the results of the knowledge gained as my kids now know more about building materials than I do! All I could see was potential.

The Future Starts Now

As we deepened our research into the relationship between games and young people in Nigeria, we started thinking about the future, the problems we faced - and still face. Across the continent the rise of youth, increased unemployment and sometimes employability - (that idea that even after completing school, young people might not have the right skills or experience to actually be ready for the workplace) led us down this path.

With such a huge opportunity available in the intersection of video games and education, we have to ask 'what do kids need for their future?' By taking a considered approach, we believe video games' and the disparate opportunities within the industry, can help retain young people's attention, while simultaneously utilising the tool to build a better future.

All this led to the founding of Kucheza Gaming. We are an Africa-focused video games industry startup that uses gaming as a gateway to digital excellence, where kids get the opportunity to develop skills in STEAM. We bring the world of video games to K12 education in Africa through game development initiatives like the Mobo Game Jam, a series of school e-sport leagues and a game-based computing curriculum in partnership with Ukie Education.

At Kucheza Gaming we utilise the love for video games to drive fun, learning, and skills development. Helping young people make active decisions about their careers and helping inspire them to choose and pursue STEAM related interests. This isn't simply about teaching everyone to be game developers; our vision is grander. We want to teach kids big universal skills they can learn through a passion for games but apply everywhere, in a variety of jobs and roles.

According to Diane Tavenner, the co-founder and CEO of Summit Public Schools and author of 'Prepared: What Kids Need for a Fulfilled Life', kids need to learn big universal skills to be ready for the future of work. Skills like communication, problem solving, critical thinking, collaboration, self-direction, leadership, resilience, agency etcetera.

Video games offer a new and immersive way to play, learn, reimagine, document and preserve history as well as help us experience the world around us. Kucheza's key project, 'The Wild Kingdoms' is a mobile adventure game based on Yoruba mythology, it is aimed at translating African folk stories into the educational and entertaining world of games, thereby introducing African stories to new generations and audiences.

Africa Forward

We're absolutely going to see more of this intersection between video games and education, because it harnesses creativity and curiosity in a fun way. This approach can unlock potential and universal skills in any child. That is so powerful. Video games are a tangible path to Africa's GDP growth. Unlocking creativity can help share the many, many beautiful, different and fascinating cultures across the continent with the rest of the world.

Video games are going to be a more important and credible part of education in Nigeria and the wider continent. And even globally. Educational systems and infrastructure are not that fast moving - change takes time. I believe that the private sector and private public partnerships will push this opportunity. There's an opportunity for shared success.

More people are starting to see what a difference games can make when they intersect with education. It's about legacy. Kids are already creative and have passion and things they want to do. Bringing games into education and vice versa can facilitate impact at scale. This will impact art and activism and politics and culture too. Collaborations like the Minecraft Uncensored library project gives us a glimpse into what can be possible when we embrace a world of play.

And while we're not here to primarily grow the Nigerian game industry, or the continent's game industry, I do think that the intersection of video games and education will help lead us to a point where a game industry will contribute significantly to GDP here. The intersection of games and education is a starting point for all of that. What's happening in the space today is shaping the future of a lot more than games, and the generation growing up with games as part of their education are going to do some amazing things in the world.

A portrait of Craig Levine, a man with a beard and mustache, smiling. He is wearing a light-colored button-down shirt. The background is a solid, vibrant orange-red color.

INTERVIEW

***CRAIG
LEVINE***



'ALWAYS-ON' FANDOMS

'Always-on' fandoms: How esports communities are shaping the future of games

AUTHOR: Craig Levine, Co-CEO, ESL Gaming

The rise of esports in recent years has been unmissable. It's influence on the future of games as a medium, industry and cultural artefact, then, is likely to be tremendous.

Aside from all its success and growth, esports has also significantly shifted the status of the player, elevating consumers to exist as important focal points for vast communities. Esports devotees are much more than a passive audience to be sold products - they are competitors, content creators, and in some cases, adored superstars with larger fanbases than many successful games.

A new model of what fandom can offer continues to emerge within esports, and it's an opportunity many other gaming companies away from the core of esports might be wise to embrace.

THE POWER OF CREATORS

Craig Levine is co-CEO at long-standing esports organisation, ESL Gaming. He has seen first-hand how esports have reshaped the industry-audience dynamic, and it's given him reason to be confident that it offers remarkable potential. Today, esports' focus on players is powerful in a myriad ways.

"We're currently in a world where players and influencers bring the power of creators, and that means a sort of this infinite distribution opportunity," he offers. "There are so many niche communities within esports — and here 'niche' doesn't mean small. I think 'niche' means focused. There are some very, very large niches in competitive gaming. The superstars of esports that come out are these incredible influencers who create tonnes of fandom around the games they focus on.

They, ultimately, are keeping players of certain games engaged with the community when that community is not playing it. So I think it's incredibly powerful to build an esports ecosystem around a game."

And that gets to the very heart of the esports opportunity. For Levine, it is the digital element that really defines modern esports' strengths, and not those tempting comparisons with traditional sports. What's more, it isn't only about top flight superstars.

Esports titles, in their most contemporary form, can be seen as gathering points for communities, influencers, casual players, spectators live and online, competitors at every skill level, fans of teams, and fans of individual titles. Together they make up a truly modern fandom, abundant in potential. Beyond the eagerly-viewed moments of competition, the community is engaged with the content it makes collectively streaming, posting, sharing and producing a wild range of output.

The result is an audience engaged with a given game around the clock, even when not playing or spectating. The community can even be seen as an extension of the content itself; not just a consumer. The devotion to certain games or teams does, in fact, bear comparison with traditional sports — and in combination with the connected, online fandom element, that means considerable potential to engage for months, years, or even lifetimes. For game designers, this presents a lasting opportunity to be creative while monetising from multiple revenue streams.

"Competitive players are higher-value consumer customers for developers, for sure," offers Levine. "They spend more time in-game, and therefore spend more money on the game. Ultimately, esports can engage that community continually."

To Levine, that in part means monetisation through established means, such as new content, skins and subscriptions. Yet, increasingly, esports crosses over with so many other sectors.

That means there's opportunity in ticket sales, licences and brand partnerships,

Craig Levine has been involved with esports for two decades, having started out founding Team 3D in 2002, the first fully professional video game team in North America. Today he stands as Co-CEO of ESL Gaming, an influential esports organisation and production company with a global reach.

sponsorship, video and broadcast, and multiple other digital channels and physical entities.

"What esports does is create a community of fandom outside of a game that keeps those players engaged when they're not playing," Levine continues. "And there's so many opportunities with what esports involves. I think it's incredibly symbiotic to a successful game strategy. That's why you're seeing more and more games now coming out with these new kinds of competitive features in mind."

INFLUENCE REDEFINED

And that is the crux of the future of games, as perceived by Levine. Esports isn't just about adding an online multiplayer mode. It's about building competitive features that foster and support a contemporary, always-on esports fandom. Having watched esports' interplay with games more broadly for so many years, Levine projects a future where a great many more games increase their effort to build meaningful fandoms based on the esports model.

That's not trivial, in part because it means all those related entities - sponsorship and live ticketing and broadcast and so on - may become much more of a norm across many types of games currently considered distant from what esports is. And at the same time, esports will surely influence the sectors it embraces.

"Those spaces are \$300 billion dollar industries," states Levine. "That's very different from the \$1.2 billion esports has been defined as worth today. I think as we start to zoom out and see the impact our fans have on the world, and all these other entities, esports is going to continue to bleed into all those things. And it is being redefined in a way that only makes people become that much more aware of it."

Perceived another way, the increasing game industry breadth that has influenced so many other sectors is set

to ramp up significantly, fuelled by the evolution of esports.

It certainly won't be the case that every game in a decade's time will be a giant of esports. Rather, Levine believes we will see an increased capacity for many different fandom-building competitive games inspired by the esports model, providing numerous different kinds of niche, large and small. All while competitive giants, established and forthcoming, will be increasingly bankable.

"When I think about the next generation of titles, they're building competitive features because, again, that develops higher-value customers for them."

PUTTING THE E INTO ESPORTS

However, Levine maintains a pragmatic perspective because, even in the established esports space, there remains a great deal still in need of refinement. In particular, he perceives that purebred esports will, in the coming years, have to put more focus on developing and maintaining business and ecosystem conventions.

"The easy thing 10 years ago — when everyone jumped into esports — was replicating the business models of traditional sports, and then thinking that's it. But a big part of that business model is media rights. I like to say the 'E' in esports actually makes it more unique than similar to traditional sports because our audience is digital. What that means is it actually doesn't work with the traditional media rights business model that has helped fund traditional sports for so long. When we look out, we can say we have a huge audience, and we do. One of the challenges today is that premium doesn't monetise in a premium way on digital. That's not an esports problem. That's not a video game problem. That's a digital problem."

There is plenty of work to be done. But there is no doubt that esports' influence on the future of games will be felt far beyond purebred competitive gaming.

For one, there is a profound opportunity in building fandoms that embrace the esports model - meaning establishing communities engaged around the clock, where the community are content creators as well as consumers, serving each other and developing tremendous and retaining loyalty.

Additionally, video games broadly are likely to see the opportunity in converging with live events, broadcast, ticketing, sponsorship and many other industries typically associated with traditional sports. There esports has pioneered the way, but the opportunity doesn't stop with large scale competitive gaming.

Simply put, esports' influence on the future of the medium is about a lot more than just competitive gaming. highly restricted from live performances last year, millions of players of Fortnite were treated to an interactive, in-game Ariana Grande musical tour, just the latest demonstration of Hyper Digital Reality by Epic Games.

We see that some pioneers have begun to realise their vision with a purpose-built metaverse of their own, migrating their content and audience to a pre-formed digital destination. Our approach is different. We are a technology company. But drill into us, and at our core, you will also find a content- and experience-driven company. We believe in using technology to push the limits of great content, enabling and creating new experiences for our community.

What I'm saying is the metaverse's day will come. That day is just not today. And also keep your eyes on the content and user experience. Don't focus on the platform or the means to access it. What we see today is indeed a leap from what we had just a few years ago. But it's also still primitive, experimental, and because of technological momentum, going to change and improve rapidly, as all digital platforms and hardware have over the past four decades.

I'm not sure exactly where gaming is heading. However, I do know that when your VR headset hiccups or your screen drops frames or freezes, that's a reminder it is still in its infancy. And as far as we've already come, technologically, experientially and otherwise, what excites me is I am 100% sure that the best in game content, experience and technology is still ahead of us.

PLAYABLE FUTURES

*NEXT GEN THINKING FOR
THE FUTURE OF PLAY*

ukie



sumo
G R O U P

gamesindustry.biz