



**Digital broadband content
Online computer and video games**

**OECD Digital broadband content workshop
1 December, 2004**

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Overview and scope

Computer and video games industry (2003):

- Console off-line over 70% of OECD markets
- PC offline (17%)
- Online (6.4%)
- Mobile (3.4%)

Trends in the computer game industry

		Connectivity	
		Off-line	Online
Hardware	PC	Mature	Strong growth
	Console	Moderate growth	Strong growth
	Wireless	Strong growth	Strong growth

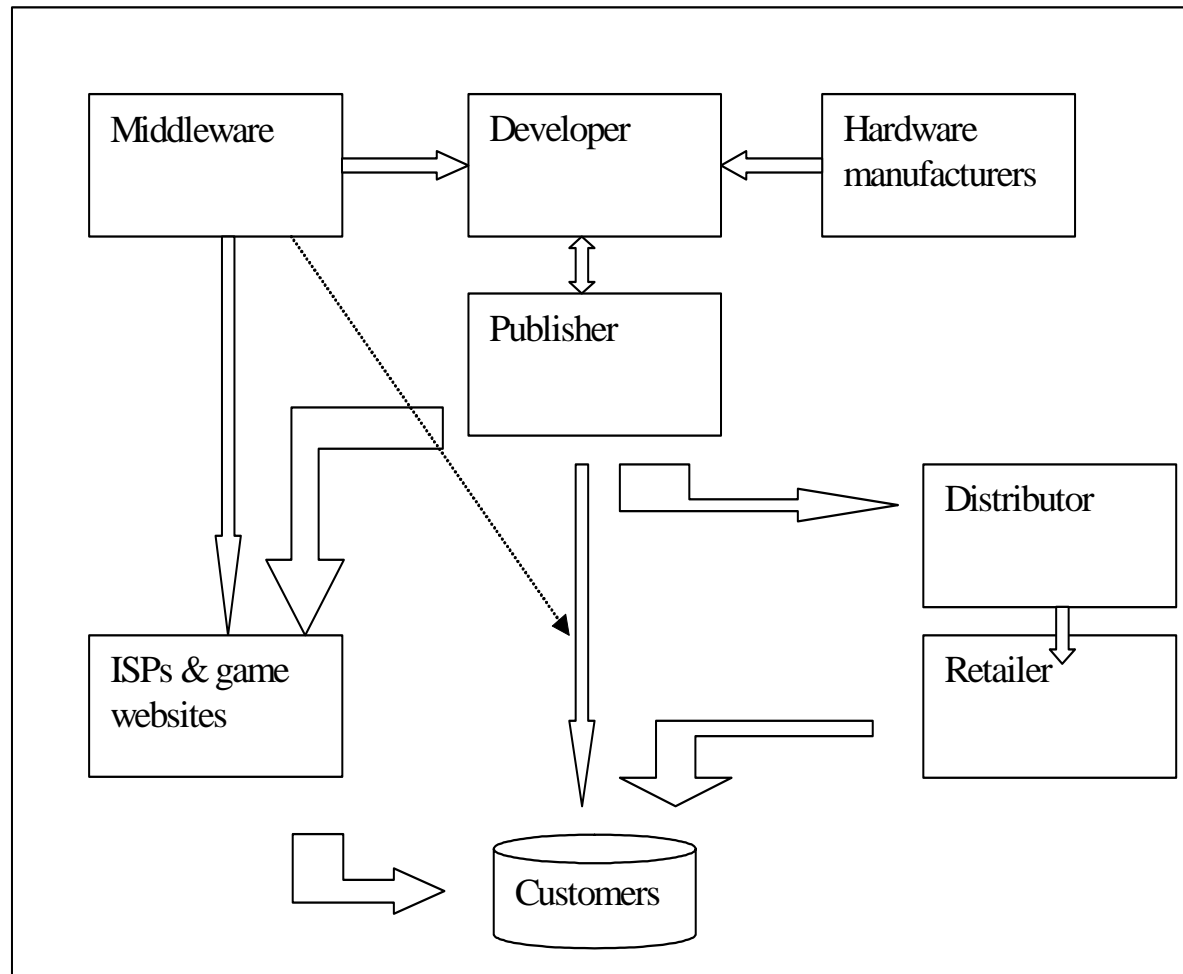
Online, computer and video game industry

Why is it important?

- **Rapid growth, substantial size (2/3 of recorded music industry)**
- **Leading edge software industry**
- **Spillovers originally from e.g. medical imaging, defence went into games, now spillovers from games into other applications e.g. architecture and engineering (image modelling)**
- **Spillovers into new education techniques based on interactivity, group dynamics. Applications in other areas where interactivity required (government services)**
- **Generating content for other industries (films, publishing, music)**
- **Shows potential to use broadband in new ways (multiplayer games)**
- **Developing new business models and payment systems (micro- and one-off payments and subscription models)**
- **Dynamic online games may be a viable model to counteract piracy**

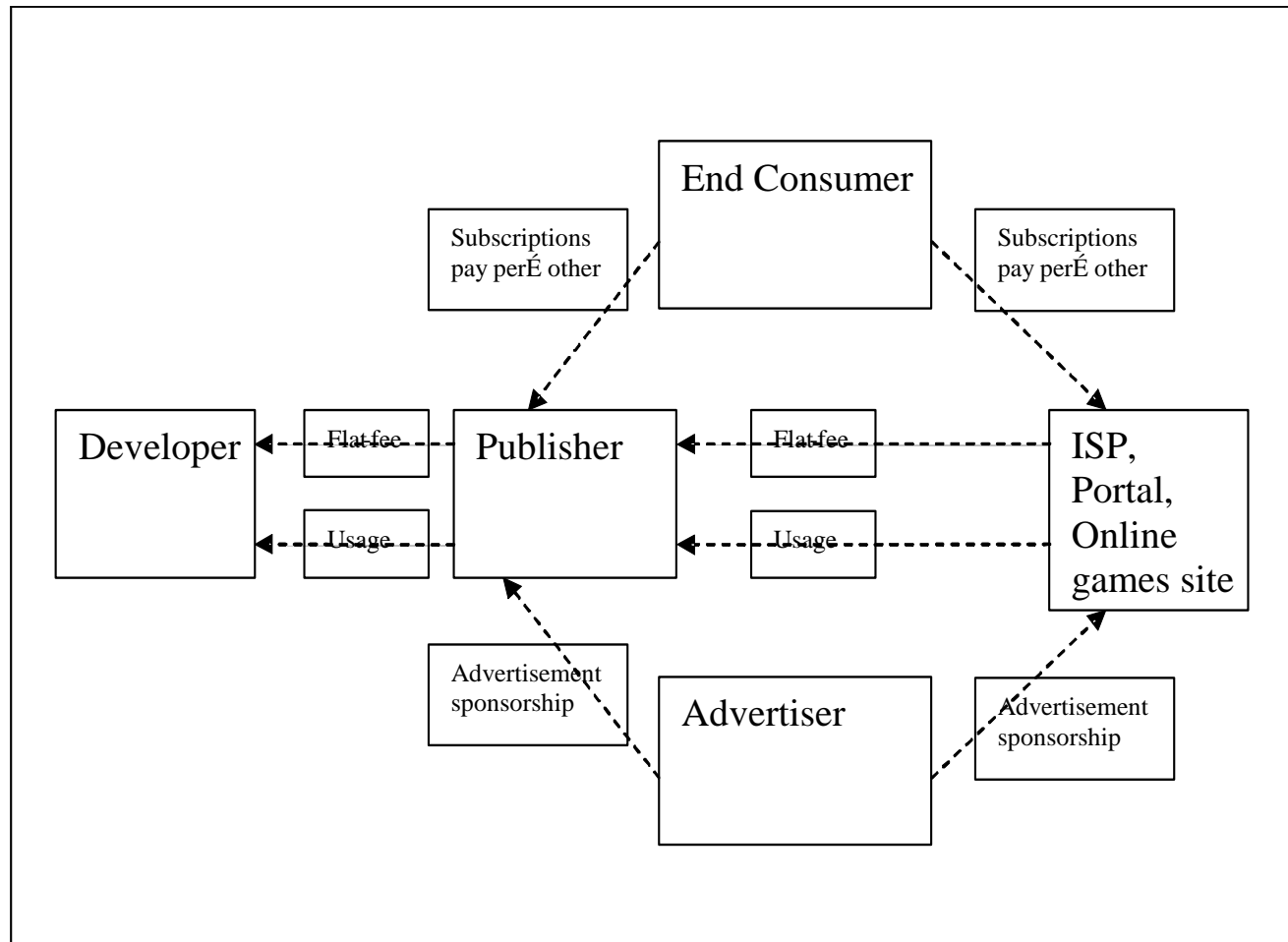
Changing value chain - online games

Disintermediation and reintermediation



Changing revenue streams - online games

Reintermediation, new payment systems



Emerging issues for government and other stakeholders

- **R&D and technology -- Do usual R&D incentives apply? Fostering creativity; looking for spillovers**
- **Business support -- Software-type policies -- or? Networking, information exchange; market development**
- **Skills and training -- On-the-job firm and industry training; tertiary course development**
- **Intellectual property rights -- Effective protection and the development of new business models; piracy of physical games high; enforcing copyrights and IPR (WIPO Internet treaties), increasing international co-operation; protecting games with “keys”; the online model as the new way forward?**
- **Business conditions -- Micropayments; tax issues across countries (consumption taxes for online delivery); standards -- broadband and micropayments**
- **Social issues -- Culture & language; education use; content & age ratings**