Lexi Fogel | March 2023

Mobalytics:
Final Insights & Recommendations
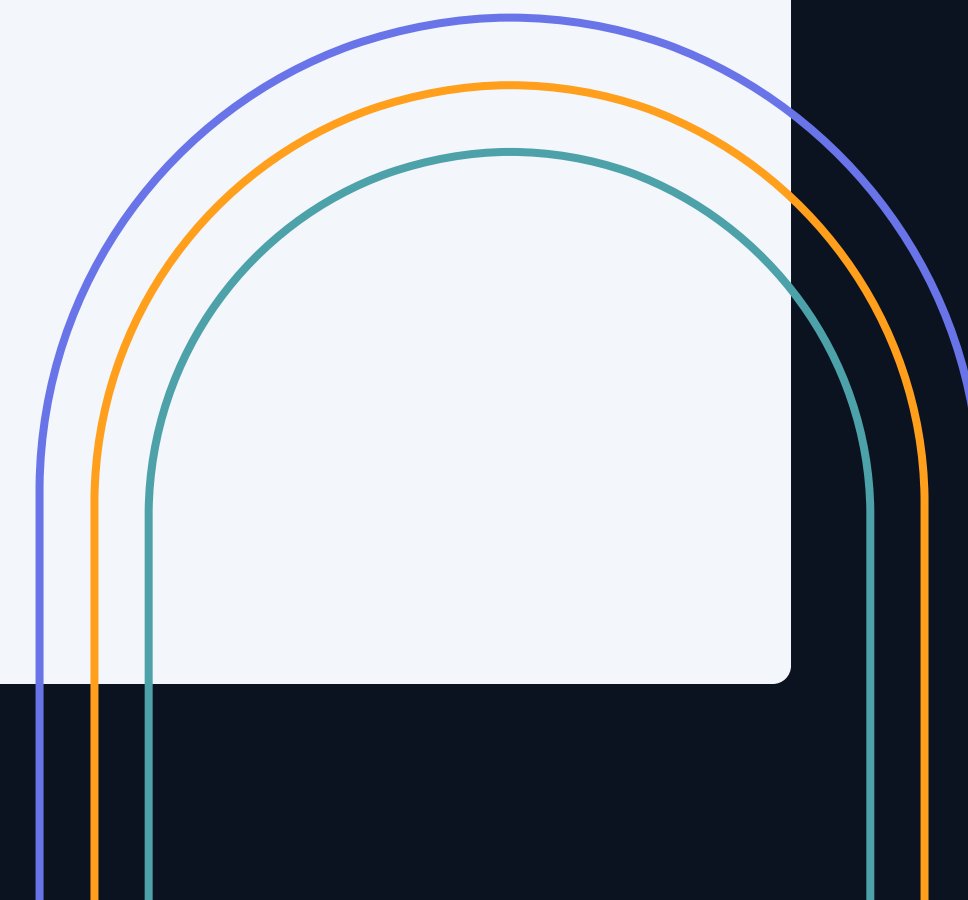
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Executive Summary

The gaming market is huge right now, with an expected **CAGR of 8.9% over the next five years**.

The P2E crypto gaming space is a new, big and rapidly growing sector within this industry. **The growth of the market is predictable, but anticipating company success within it is quite challenging**.

- The main differentiator in this market is simply the product; given the immaturity of the market, it is easy to develop a concept nobody else has and capture a new niche audience.

There are a few main P2E games dominating the crypto gaming space right now, but it is **unclear how the market will settle** as it scales.

I am hesitant to encourage Mobalytics to move into the P2E space so rapidly; I think the safest course of action is to **partner with one P2E game as a pilot while the industry stabilizes and other key players emerge**. I suggest Axie Infinity or Spider Tanks for this project.
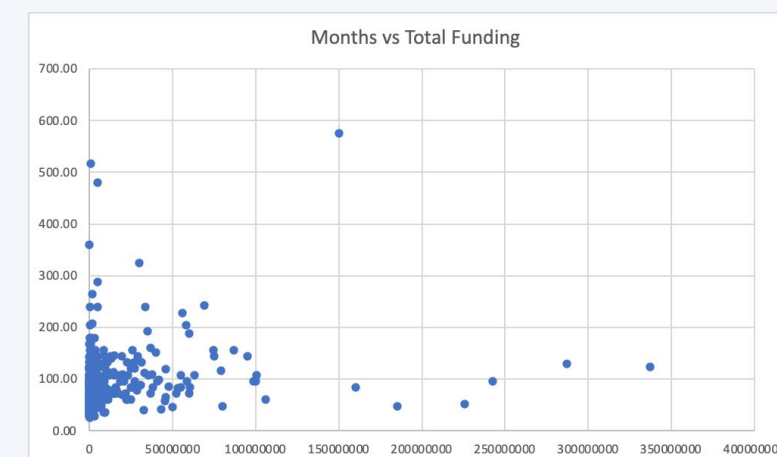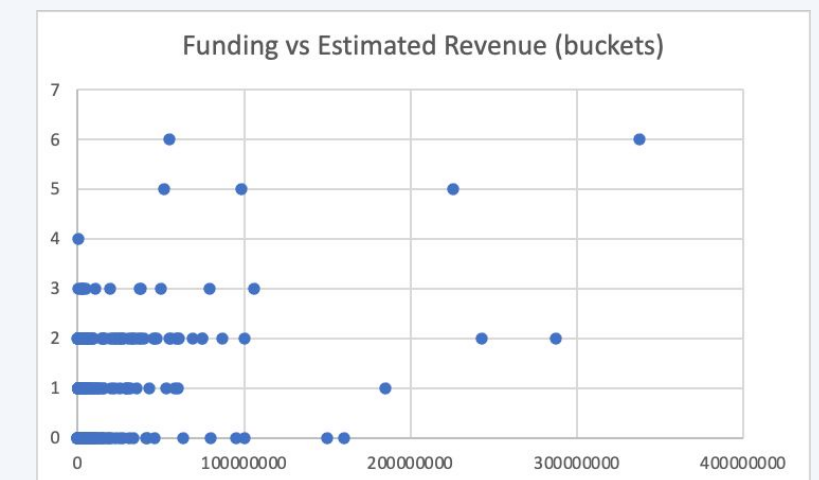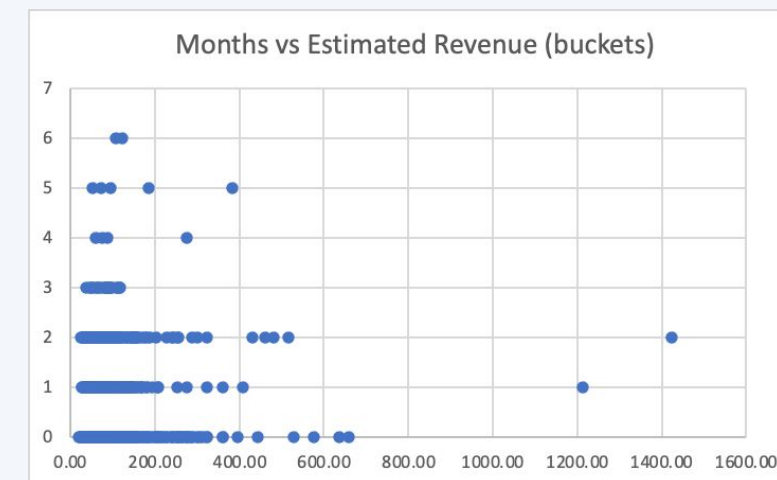
P2E Market Insights

The global blockchain gaming market is projected to grow at a CAGR (compound annual growth rate) of 70.3% between now and 2027. One of the factors driving the market growth is rising funding for blockchain games; however, funding amount is not a useful metric for predicting company success within the market.

Company success within the P2E market is very hard to predict. Through my analysis, I learned that there is no significant correlation between many anticipated drivers and measurements of success.

Findings

- Funding does not predict company success; rather, this industry is easily dominated by innovative products. This makes sense since it's a new and underdeveloped space – product differentiation is key!
- Number of funding rounds raised is not very indicative of companies' current total funding. Funding in this market occurs at a diverse range of volumes (sometimes rounds are huge, sometimes it's one investor, amount given per investing organization also varies a lot).
- Public and private companies have comparable successes.
- Resourcefulness and size of organization do not imply success.
  - Even for mature companies that get substantial equity funding, success is not that predictable
  - Quality of workers and other inputs is key

Months vs Estimated Revenue (buckets)

Funding vs Estimated Revenue (buckets)
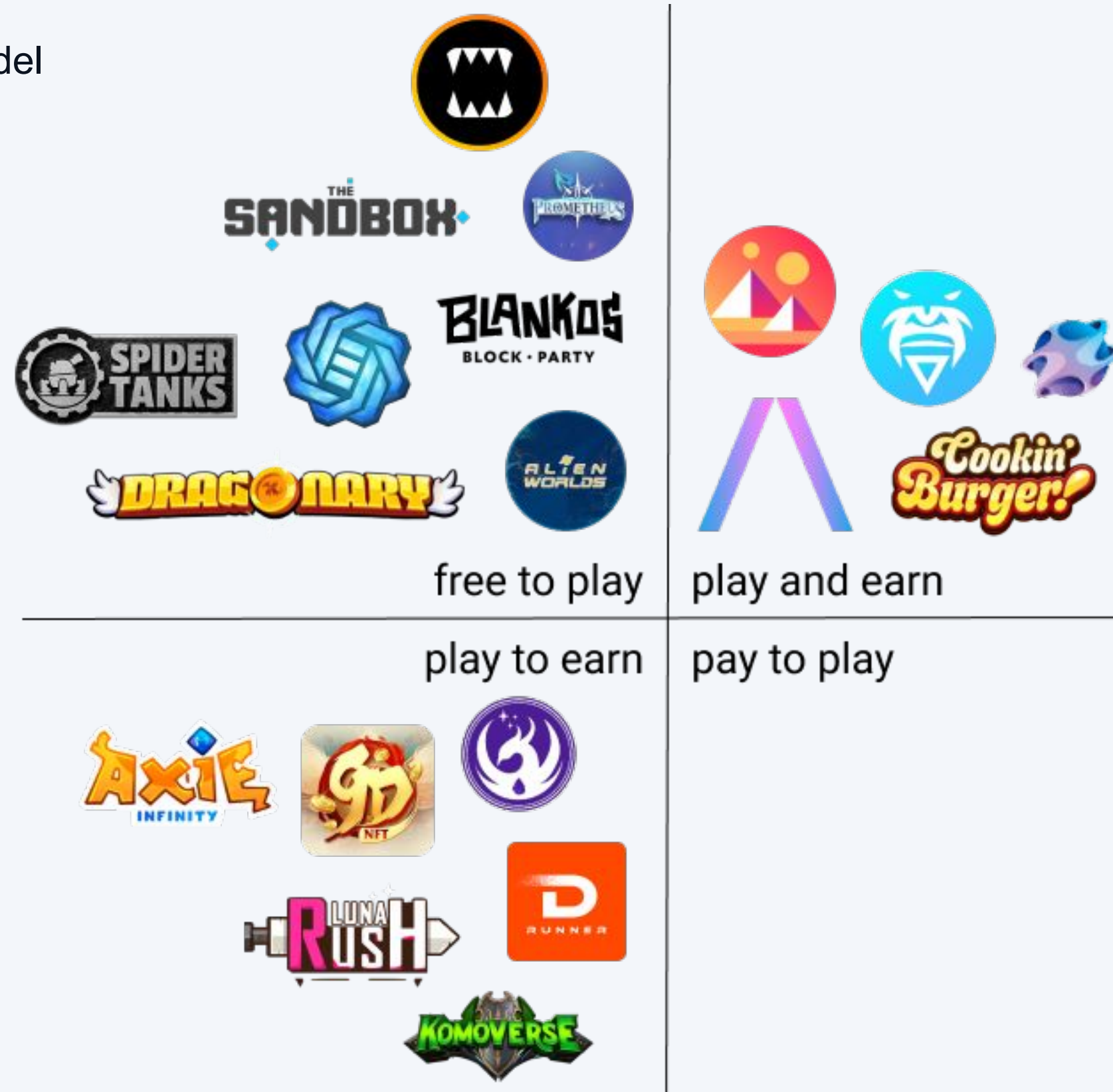

Months vs Total Funding

No strong correlations between anticipated predictive metrics (such as months of existence and total funding) and demonstrated success (estimated revenue)

Market Map

Organizing games by business model

free to play | play and earn

play to earn | pay to play

* These are the games from my case studies and P2E market leaders

** All free to play games also have a play to earn component

*** I define play-and-earn as play-to-earn games with a heavy emphasis on engaging, addictive gameplay

Key Observations

Zooming in on the Metaverse and NFT assets

Market Landscape

- Rise of the Metaverse / unstructured gameplay
  - Usually, game developers are building a story for players to progress through; they will get items and tools at pre-set points because they are needed to move to the next stage of the game.
  - With P2E, the developers establish background lore but each player's choices and assets shape their story.
    - The developer's role is to create a space, not an experience.
- NFT assets in-game
  - The significance and relevance of assets in P2E games actually varies quite a bit.
  - In some games, assets are randomly earned
    - Won from quests and tournaments
  - In others, they are bred or curated (somewhat random)
  - In most, they are strategically purchased or won
    - Bought with token currency or won through PVP gameplay
  - Certain games allow for player customization of these assets, others do not

Implications for Mobalytics

- Primary area of opportunity is NFT asset advising
  - Give analytics on
    - Categories and classes
    - Specific items
      - Upgrades
    - Features / traits / abilities
    - Market demand !
- Game partnerships
  - Most promising games have a more advanced infrastructure (multiple categories and elements affecting outcomes)
  - My suggestions
    - Axie Infinity
    - Gala Games: Spider Tanks

Recommendations

Cautiously embracing web3 and the crypto play-to-earn game space

1

Move into the P2E space by partnering with 1-2 key games while other major players emerge in the industry
- ○ My game suggestions:
  - ■ Axie Infinity
  - ■ Spider Tanks

2

Start developing tools that helps players achieve goals they set for themselves inside metaverse environments
- PVP analytics / coaching tool
- Budgeting tool: Estimates expected earnings and time to earn certain amounts
- Breeding/making metaverse tool: Tracks testing histories, allows player input and makes recommendations according to goals

3

Integrate with the crypto wallets associated with partner P2E games for subscription purchases
- Ronin
- MetaMask

4

Continue to conduct research on / monitor the P2E industry
- Utilize these externships but also conduct interest surveys with current users, etc

Rationale

Cautiously embracing web3 and the crypto play-to-earn game space

1
We have already established that the P2E space is growing. We should partner with the most mature/stable games in the market to establish industry familiarity and dominance.

2
It is also pretty clear that the Metaverse industry is growing rapidly. To keep up, we should start the process of adapting our technology for use in these new, complex environments.

3
Integration with 1-2 crypto wallets players of partner games use makes P2E game players more inclined to spend money on Mobalytics' services (they can spend what they make easily)

4
My main concern here is that the P2E market is really small. Another issue is that the crypto market is unstable and thus a lot of people don't want to engage in P2E gaming.

Conclusion

The play-to-earn market is promising, but we should let it mature a bit before investing heavily. The Metaverse/NFT markets are bigger, more secure and persistent and thus more promising for Mobalytics at this time.

thank you!

Lexi Fogel

University of Michigan

lfogel@umich.edu

linkedin.com/in/lexi-fogel