

# Digital-Red Advances China's Mobile-Game Market



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## Romance of the Three Kingdoms:

The game follows the story of three heroes, Liu Bei, Guan Yu, and Zhang Fei. Its participatory action scenes include:

- Rebel of the Yellow Scarves
- Slay Hua Xiong Quickly
- Three Heroes Won Lu Bu at Hulao Pass
- Slay Yan Liang
- Wen Chou at Balma Slope

The Chinese mobile-game market is large and getting larger. According to statistics published by the China Ministry of Information Industry, the number of mobile subscribers in China reached 383 million by October 2005, and is still growing.

An up-and-coming participant in this market is Digital-Red Mobile Software, a five-year-old Beijing-based mobile-game developer. Nokia has embedded many Digital-Red games in the phones that it sells in China. Digital-Red is currently working to expand its already significant position in the global mobile-game market. Its strategy for accomplishing this is to introduce the latest in role-playing games (RPGs) and action role-playing games (ARPGs).

***“Digital-Red has developed more than 80 Symbian OS-based games, which are licensed in cooperation with 40 major operators in 25 countries worldwide,” says Richard Wu, CEO of Digital-Red. “Our revenues increased by 300 percent last year.”***

## China's Giant Mobile Market

Digital-Red was recently acquired by Shanda Interactive Entertainment Ltd., the largest online-game company for PCs in China. By tapping Shanda's powerful online payment system — with its millions of online subscribers—the company will be able to expand its reach to a potential new market of millions. For the first six months of 2005, companywide sales of all of Digital-Red's games increased by 300 percent.



“The embedding of games in mobile phones is nearly a requirement for the game developer to penetrate the market with a new game.”

— Richard Wu, CEO, Digital-Red

## How Forum Nokia PRO Helps Digital-Red

As Digital-Red became a market leader in China, it turned to Forum Nokia PRO at every step of the way. “Nokia makes it easy to develop games for the latest devices by making the devices available to us early,” says Wu. In addition, Nokia's retail channel proved to be the company's second most-effective channel, second only to its own retail channel. Meanwhile, Nokia's embedding of Digital-Red games into its devices sold in China helped seed the market for both companies. Finally, the technical support and training Digital-Red received through Forum Nokia PRO helped accelerate the developer's mobile technology learning curve.



Continued

### China's Giant Mobile Market *Cont.*

By the second quarter of 2005, Digital-Red's Shanda had over 1.8 million active subscribers. Overall, Shanda has 460 million online users, where a single consumer is counted as a different user for each different game. On the average, according to Shanda, each Internet user in China has registered for approximately five times in this fashion. As online mobile gaming is relatively new, the majority of these users are still PC users.

Among mobile subscribers in China, 70 percent have played online mobile games. "We estimate that 40 percent of the mobile game players acquired their first games with the devices they purchased," says Wu. Today, according to Digital-Red, 90 percent of the phones in China come with embedded games.

### Romance of the Three Kingdoms

Digital-Red's latest offering is Romance of the Three Kingdoms, an ARPG that runs on S60 devices built on Symbian OS. The game, based on a famous historical Chinese novel of the same name, lets players recreate the actions of the story's three heroes as they confront adversaries during a troubled period in China's history.

Eighty percent of the downloads of the product were generated by Digital-Red's own sales channel and by the Nokia retail channel for S60 devices.

***"Embedding of games in mobile phones is one of the key drivers for the successful marketing of mobile games."***

### Beyond games

"In previous years, we focused on game playing and the consumer's experience, and we have been very successful, especially with Nokia games," says Wu. "This year, however, we will be more network oriented," he says. Part of this effort will include initiatives to increase interaction between Shanda's massive customer base for online PC games and Digital-Red's mobile games. "We think we can bring online PC-game players into the mobile market," Wu adds.

The company has developed more than 400 Java™ 2 Platform, Micro Edition (J2ME™) mobile games, as well as its Dragon Bone multimedia engine, a development platform for wireless applications. Dragon Bone supports a variety of mobile operating systems, including Symbian OS. With Dragon Bone, a developer can build an application once and easily port it to different mobile platforms. Dragon Bone also provides interfaces for 2D, 3D, and sound for all major game engines. It handles the various game types, including RPG, ARPG, 45-degree visual angle, first-person visual angle, and simulation games. The use of Dragon Bone for porting allows for more application-development choices, especially when transplanting PC games to the mobile platform. It also allows game developers to focus on the game content rather than on the details of the underlying platform.

### Launch of game-V

With an already strong position in the mobile game market, Digital-Red has turned to the network to expand its mobile business in new ways. During 2005 it leveraged Shanda resources to launch game-V, the first platform for the wireless-entertainment business in China. With game-V, Digital-Red transitions from simply a mobile game developer to a comprehensive wireless-entertainment operator. Its goal is to establish itself as the leader in the fast-growing wireless-entertainment market. "With game-V, we have created a platform that can support a wide variety of content beyond mobile games, such as eBooks, images, and audio and video content," says Wu.

At the heart of game-V is the Shanda sales channel and its payment system. Game-V, which is accessed through an online game portal ([www.game-v.com](http://www.game-v.com); [wap.game-v.com](http://wap.game-v.com)), handles all kinds of wireless entertainment content. Game-V is not simply a platform, it has multiple roles. "For ordinary consumers, game-V is a brand-new entertainment experience, which is based on 2.5G and fully ready for 3G," says Wu. "For content providers, game-V is the best sales channel and business platform to expand their market; For telecom carriers, game-V is data, it's content, it's something which fills the gap, it's the landing strip of 3G, and it is a pioneer to promote new business; For equipment manufacturers, game-V is a new selling point for handset devices."

For more information, please go to:

[www.nokia.com/developer](http://www.nokia.com/developer)



Digital-Red Mobile Software brings Action Role-Playing Games to the mobile market.

### Looking Ahead

In the game area, Digital-Red is actively working on porting popular titles to S60 3<sup>rd</sup> Edition. When S60 3<sup>rd</sup> Edition devices hit the market in 2006, Digital-Red expects to be ready with a selection of games, most likely including Flash games. "We are very actively exploring the features of the S60 3<sup>rd</sup> Edition, so that as this market develops we will be among the first to present offerings for it," says Wu.

Beyond game development, Digital-Red recently won certification as a Nokia training center offering Nokia authorized training courses including basic and advanced courses on Java, Symbian as well as other courses on the most state-of-the-art mobile technology. In this role, it has already provided training to China Mobile, and to a major Western industrial company that is beginning operations in China. Digital-Red intends to expand its training services in addition to expanding the business of its game-V platform.

