Social gaming a winner in smartphone boom

AFP, *Singapore*

More virtual livestock looks set to be traded and petulant fowl hurled at targets as social gaming takes hold in the booming mobile phone market, industry experts say.

Social gaming, made popular by titles such as "Farmville" and "Angry Birds", was one of the closely followed topics at last week's CommunicAsia trade fair in Singapore, where telecom executives meet annually to check on new trends.

Internet-enabled smartphones as well as tablets are liberating social gamers from the physical confines of home and office, and more titles specifically designed for handheld devices are on their way.

Asia-Pacific smartphone sales are expected to reach 200 million a year by 2016, a third of all mobile phones sold in the region, according to telecom consultancy Ovum.

"At least 90 percent of gamers will be on mobile in the future," said Jeffrey Jiang, a director at Singapore-based Touch Dimensions, which develops games for various platforms.

He said his firm's clients now favour social games designed for mobile phones rather than personal computers or consoles such as the Xbox 360.

"When I started in the industry, all the projects are mostly PC, hardly any mobile. But now most of the projects that people ask from us is about mobile," he told AFP.

Jiang, whose firm creates games for mobile brands such as the iPhone, Android and Nokia, said light social gamers rather than hardcore videogame players would be the drivers of developer industry growth.

"The majority of the population are going to be casual gamers and casual gamers are not really that willing to play their games just on the PC... Everyone has mobile devices so it's the logical shift."

"Farmville", which enables players and their friends to turn themselves into rural folk ploughing fields and trading pigs and cows, is the most popular game on Facebook and has made its developer Zynga a fortune.

With Zynga preparing to offer its shares soon, The Wall Street Journal has quoted sources as saying the developer could be valued at $7 billion to $9 billion after making $400 million in profit on approximately $850 million in revenue last year.

More than 250 million people a month play Zynga games which also include "CityVille", "FrontierVille", "Café World", "YoVille" and "Vampire Wars", according to the developer.

In "Angry Birds", developed by Finnish company Rovio, players catapult birds at enemy pigs which have stolen their eggs -- players post their scores and discuss the game on social media sites.

Social game developers make money by selling their games as paid applications on mobile platforms such as Apple's AppStore, with various upgrades available as users become more addicted.

Advertising space is also available within their virtual worlds.

David Ko, senior vice president for Zynga, said some 1.1 billion smartphones -- mobile devices with features such as video cameras and Internet capability -- are expected to be shipped worldwide in 2015, double this year's forecast.

This creates a "tremendous opportunity" to reach more players, he said.

Ko said gamers have pressed Zynga to devote more resources to mobile platforms, "so an important part of our strategy is making sure that we have mobile extensions of all of our IPs (intellectual properties) going forward."

Nokia, the world's leading mobile phone maker, said gamers were the biggest customers of its applications store Ovi.

At Apple's AppStore, mobile games are the best-selling items, filling nine out of the top 10 slots.

Even BlackBerry, a brand more synonymous with businessmen rather than the gaming fraternity, showcased the gaming capabilities of its first tablet model, the Playbook at CommunicAsia.

It set up four flatscreen televisions connected to Playbooks enabling players to compete in the racing game "Need for Speed".

Thomas Crampton, a Hong Kong-based media consultant, said the rise of the smartphone made social gaming viable.

"The connectiveness to the Internet is important because it gives you that social link and the social aspect of gaming is really going to be a huge driving factor," said Crampton, Asia-Pacific director of Ogilvy Public Relations' global social media team.

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AFP

A visitor plays an online game with a Blackberry 'play book' at the CommunicAsia exhibition and conference in Singapore.

The words which count in eurozone-Greece crisis

AFP, *Paris*

A single word, default, what it means, how it works and the damage it could spread around the world is the fulcrum of the next step in the Greek-eurozone debt crisis.

An EU summit meeting at the end of this week endorsed an approach for a new bailout combining fresh eurozone loans and help from banks and other private investors, saying that a roll over of Greek debt bonds should be "informal and voluntary".

For weeks analysts on financial markets have debated two questions, when is a default not a default, and when is a voluntary restructuring of debt in fact an enforced loss for investors.

The European Central Bank has issued a stark warning, notably to Germany which led the case for a restructuring of Greek debt.

The ECB said that if a redrawing or reprofiling of the debt were to provoke a "credit event" meaning a de-facto default, then the bank might cut off lifeline liquidity to Greek banks.

Under a roll over, considered to be the least painful option, private creditors such as banks, insurance companies and savings funds, would agree to exchange existing loans with a given date for repayment for new loans to be repaid at a later date.

Based on the so-called "Vienna initiative" widely credited for having saved eastern Europe's financial system from collapse in 2009, private creditors would receive the same interest fixed at issue, and the same amount repaid at maturity.

But they would have to wait longer for their money, consequently suffering losses in terms of the rate of return on their investment and disruption to their own financial planning.

A deeper form of restructuring would require private bondholders to take "haircuts," market jargon for repayment of less than the full amount lent.

And a third element could theoretically involve a reduction of the interest paid.

The negotiations turn on the lesser roll over solution.

But the three top international credit ratings agencies have threatened to downgrade Greek sovereign debt even further to "default" status, even if the participation of private bondholders were declared "voluntary".

The agencies argue that if new terms were accepted only to avoid worse effects later, this would amount to agreement under duress.

This is what the ECB fears would amount to a "credit event" with potentially disastrous repercussions, notably draining funds from Greece, and that it might then have to cease pumping liquidity into Greek banks.

Standard & Poor's downgraded Greece's long-term sovereign debt outlook to 'CCC', an extremely low rating, on June 13.

"In situations where investors consider a default to be possible and where the rating has fallen, it becomes more difficult to conclude that investors are exchanging securities voluntarily," the agency has explained.

"For example, while an exchange for longer-dated bonds may appear to be 'voluntary,' we may conclude that investors have been pressured into accepting because they fear more adverse consequences were they to decline.

"In such a 'distressed' exchange, holders accept less than the original promise, because of the risk that the issuer will otherwise fail to meet its original obligations," it said.

Fitch Ratings and Moody's International take a similar line, indicating that they will examine whether bondholders reluctant to participate will suffer penalties. If so, the agencies would consider that Greece had defaulted.

An economist and professor at the Frankfurt School of Finance, Horst Lochel, warned: "If there is nothing for creditors to gain from their participation, they won't play the game."

The president of the German private banking body BdB, Michael Kemmer, also said that it was "obvious" that there had to be incentives to attract creditors to participate.

Economists at ING bank wrote recently, referring to the International Swaps and Derivatives Association: "A roll over will not be an ISDA defined credit event, but the ratings agencies will likely define it as a default.

"The defining element to avoid it being a credit event is that the principal is rolled over at par (meaning face value), and the coupon (interest paid) kept intact.

"But classification as a default is likely as any sensible analysis would show that the roll over leaves the bond holder worse off than accepting redemption up front at par."

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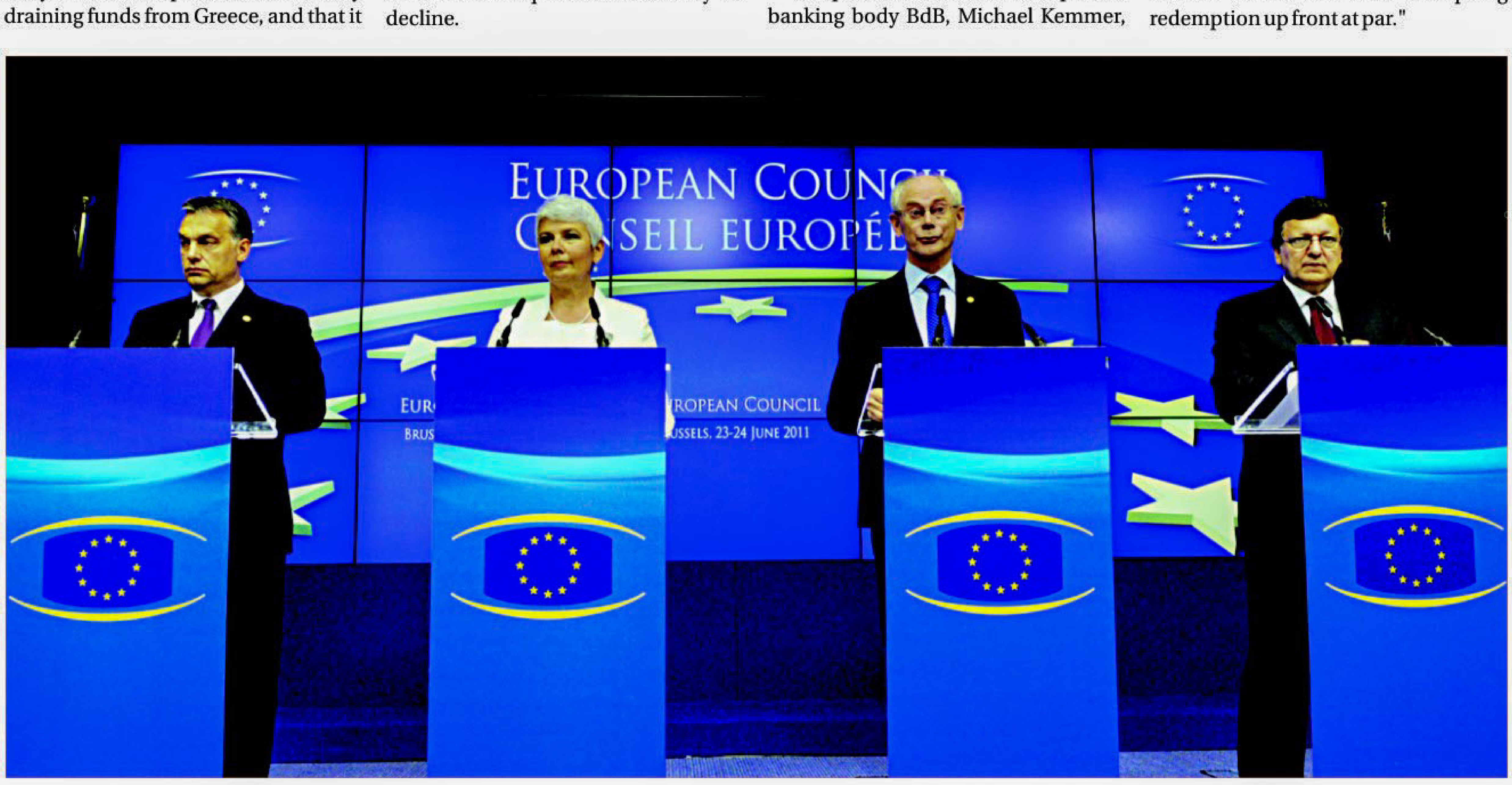

AFP

(L-R) Hungarian Prime Minister Viktor Orban, whose country holds the EU presidemcy, Croatian Prime Minister Jadranka Kosor, European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso address a press conference at the end of a summit of the EU heads of State, on Friday in Brussels.