

Alibaba Takes a Gaming Shot at Tencent yet Again, This Time in Indian Fantasy Sports



(August 17, 2019) -- On August 2, Indian newspaper Economic Times reported that Paytm First Games, formerly known as Gamepind and the joint venture between Alibaba Group's AGTech and Paytm, India's largest mobile payments company, was under a dialogue to secure \$25 million in funding from SAIF Partners and a Hong Kong-based entity.

The joint venture between AGTech and Paytm was originally set up in July, 2017. However, it was not until 2018 that Gamepind, its gaming platform, was launched, with the \$16 Million funding from the two Chinese and Indian companies.

The platform recently rebranded as Paytm First Games as part of Paytm's efforts to offer a clutch of services under its paid subscription plan, dubbed Paytm First.

Paytm, India's largest mobile payment services provider, is closely related to Alibaba Group. The Chinese e-commerce giant together with its fintech affiliate Ant Financial have in the past spent close to USD 1 billion investing in One97 Communications, Paytm's parent company, and some of One97's other affiliates, and is the Indian company's largest shareholder.

Based in Hong Kong, AGTech is provider of lottery hardware, games and software systems, with a focus on Asia Pacific regions. The company identifies as a member of Alibaba on its website, and is owned by Ali Fortune Investment Holding Ltd and Ant Financial.

On August 9, AGTech announced the interim results for the six months ended June 30, 2019, expecting that Paytm First Games will continue to build its user base, paving the way to monetize this unique platform, thus capitalizing on the significant potential of the fast-growing mobile entertainment market in India.

Sudhanshu Gupta, Chief Operating Officer of Paytm First Games, told PingWest that they have received guidance and assistance from AGTech in various aspects such as technology, R&D of new games (especially sports games), and exploring new markets.

When asked about the purpose of raising USD 25 million in the latest funding round, Gupta said that they are looking to invest in technology to further strengthen and grow the platform.

Gupta also mentioned that the company's core technology team is located in Beijing, which is significantly closer to Alibaba's corporate headquarters in Hangzhou than India. The company also intends to double the team size. "We are delighted to work with AGTech," he added.

With its e-wallet apps popular among Indian users, Paytm had positioned itself as the better and mobile-oriented provider/platform of lottery games in India. Paytm First Games offers various popular casual and real money games including fantasy cricket, rummy and many others, according to the Chief Operating Officer.

The company has about 15 million monthly active users, representing half of its total user numbers.

India's online lottery gaming industry is expected to generate INR 11,900 Cr (USD1.67 billion) in revenue in fiscal year 2023, with a compound annual growth rate of 22%, according to a report by KPMG and the country's self-regulatory body, Indian Federation of Sports Gaming.

Moreover, the number of fantasy sports users in India grew 25 times to 50 million in 2018 from a mere 2 million users in June 2016. Meanwhile, the number of fantasy sports operators in India have witnessed a seven-fold growth since 2016, with 70 in 2018.

Currently, Dream11, a startup valued at USD 1.1 billion and backed by Chinese gaming giant and WeChat maker Tencent, occupies 90% of the online fantasy sports market in India, according to the KPMG/IFSG report.

With the support of AGTech, Paytm First Games has developed a fantasy sports platform called First Captains. Gupta told PingWest that the joint venture is on a growth path to become the second-largest player in fantasy sports behind Dream11, the Tencent-backed startup, in the next two quarters.

"In my opinion, AGTech can provide Paytm with skilled Chinese programmers. As the parent company of AGTech, Alibaba is good at building platforms and accustomed to making long-term plans." Zhou Bing, Chief Marketing Officer of a Beijing-based mobile game startup, told PingWest.

"Nevertheless, the life cycle of mobile games is relatively short, quite different from Alibaba's

long-term model,” Zhou added, “But I still believe that the combination of the local operations team and Alibaba's robust R&D abilities will make a difference this time.”

In addition to expecting to become one of the top players in fantasy sports, Paytm First Games is also looking forward to providing game services to overseas users. Alibaba's Ant Financial, who owns Alipay, the mobile payment app used not only in China but also in select countries and well-known chain stores such as Sephora, would be able to help Paytm First Games with that.

“We believe that our platform and games from our partners would be a great fit for many markets outside India as well,” Gupta said.

For more details, you may refer to the following article:

PingWest: Alibaba Takes a Gaming Shot at Tencent yet Again, This Time in Indian Fantasy Sports
<https://en.pingwest.com/a/3096>