2018 China Virtual Reality Developer Report

2018.05

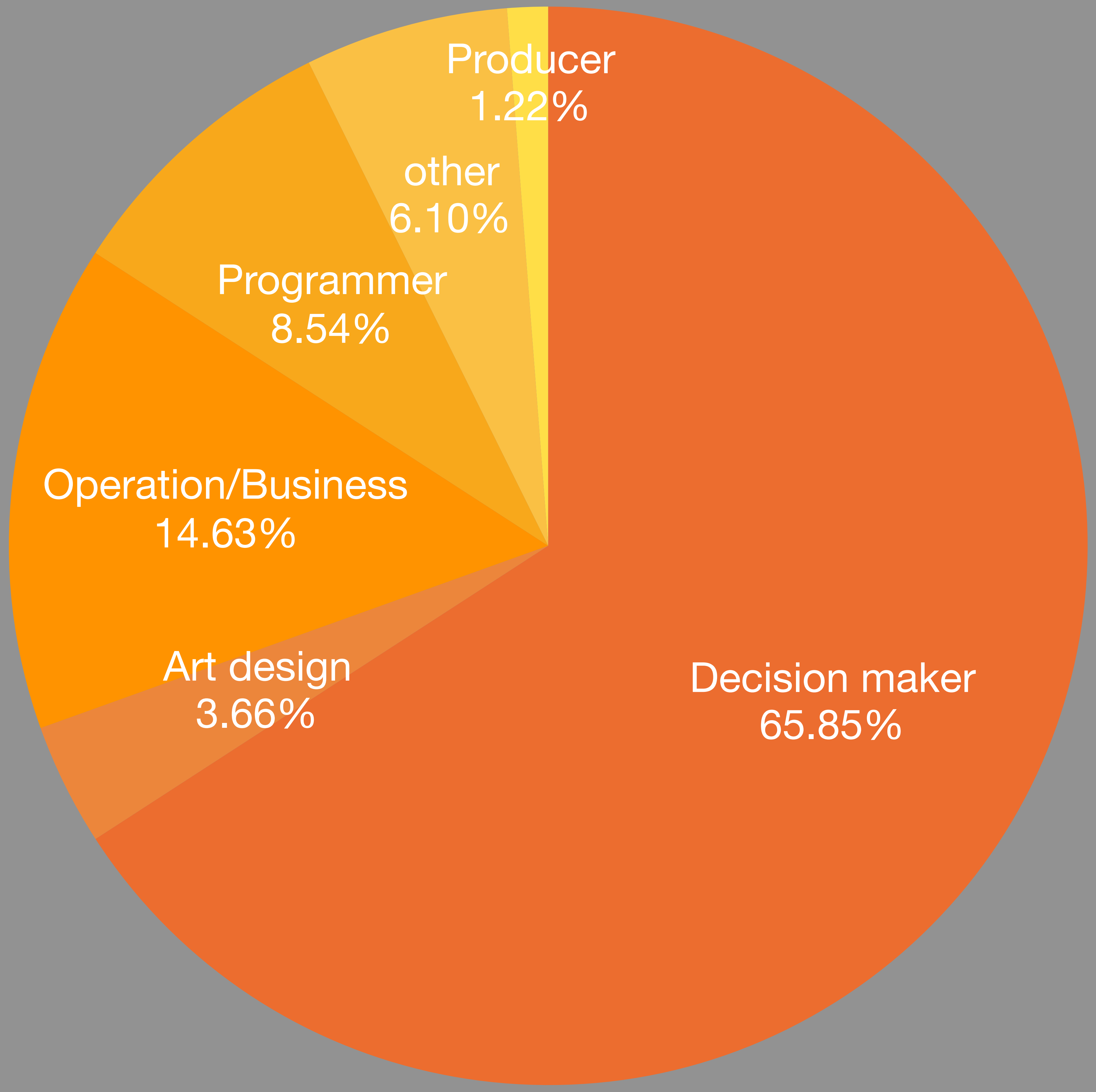
Produced by VRCORE Community

Foreword

2017 is a year when VR industry met a serious challenge. There was no obvious increase of the number of users, å was one of the most important reasons that the develop of VR content has slowed down this year.

For VR content developers, the main problem of 2017 is to survive. Some teams moved to try the content for business, others still persisted in contents for costumer.

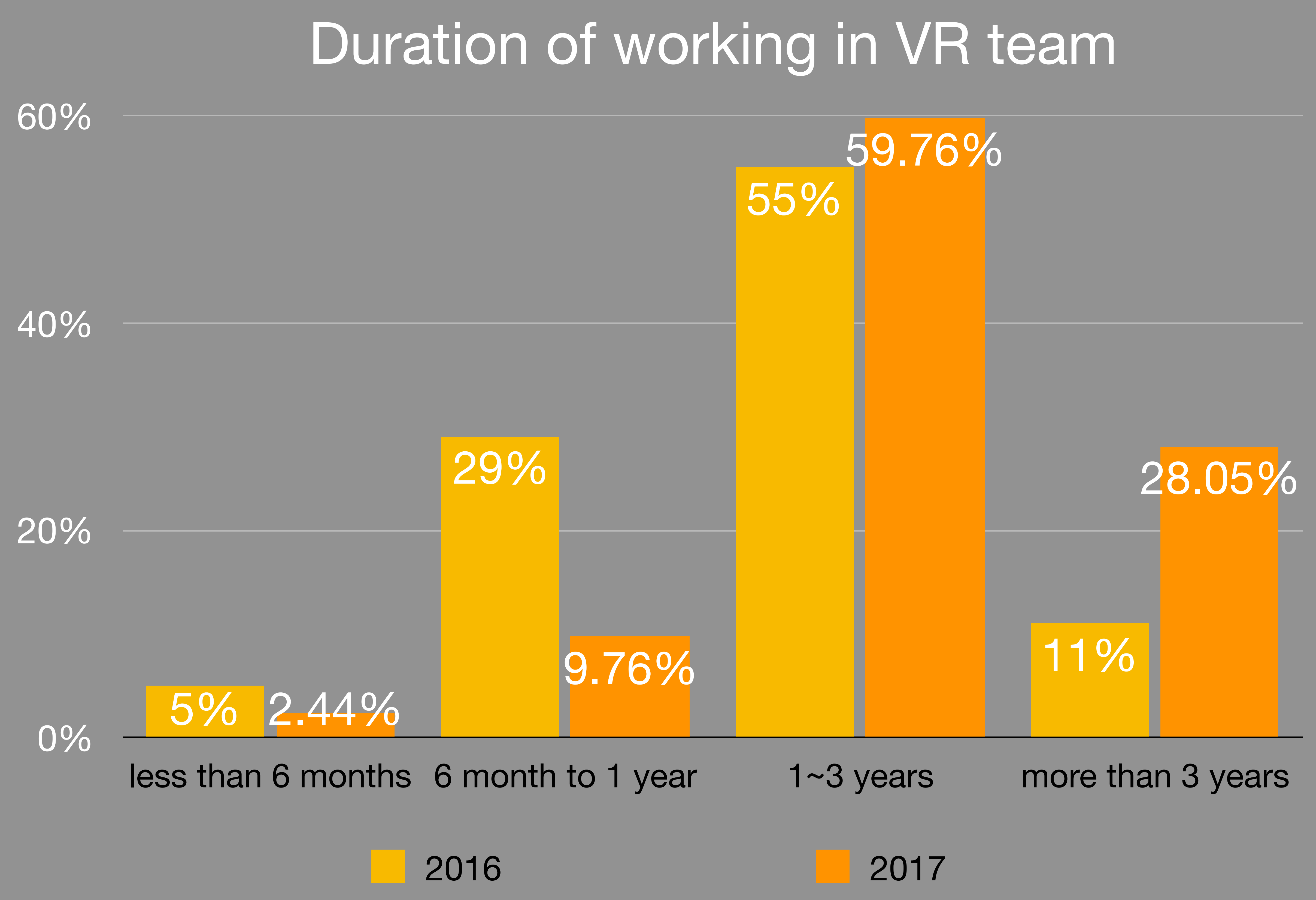
In order to reveal the state of China's VR industry, to enhance the understanding of the demand of content develop team, VRCORE conducted a questionnaire survey of main develop team from China this March. **We received more than 400 answers, 65.85% of which are decision makers of their team.** The overall situation and the develop trend of the developer as well as the whole industry could be revealed.



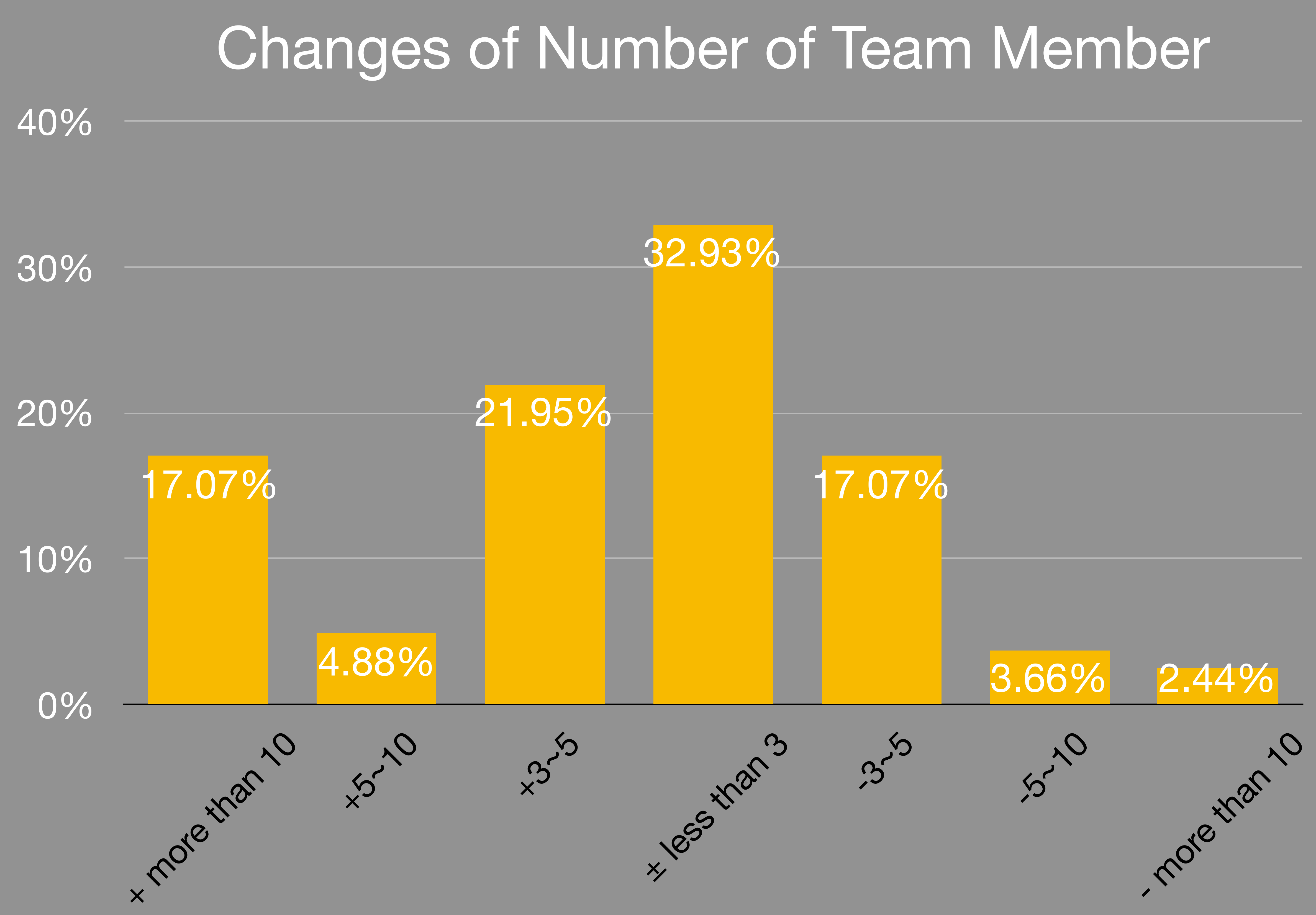
Calmed down of the industry

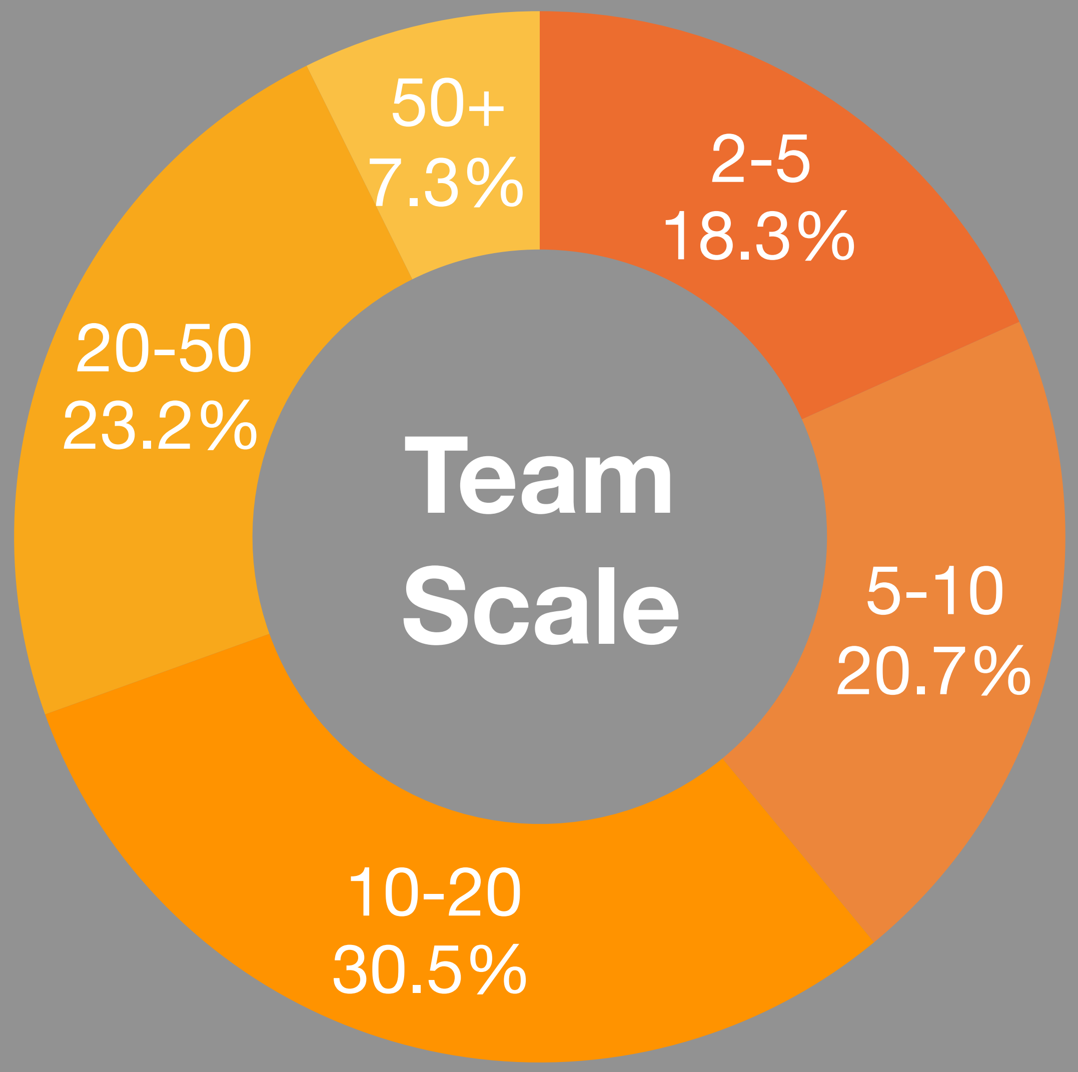
Compare to the 34% of 2016, ***only 12% of the teams joined into VR content develop in 2017***. The sharp decrease can help to confirm that ***less new team chose to develop VR content when the develop of the industry slowed down.***

On the other side, 28% of the existing team has already 3 years experience. The increase of maturity of the industry would be a good sign, when more experienced team become the mainstay.



Steady progress of the team

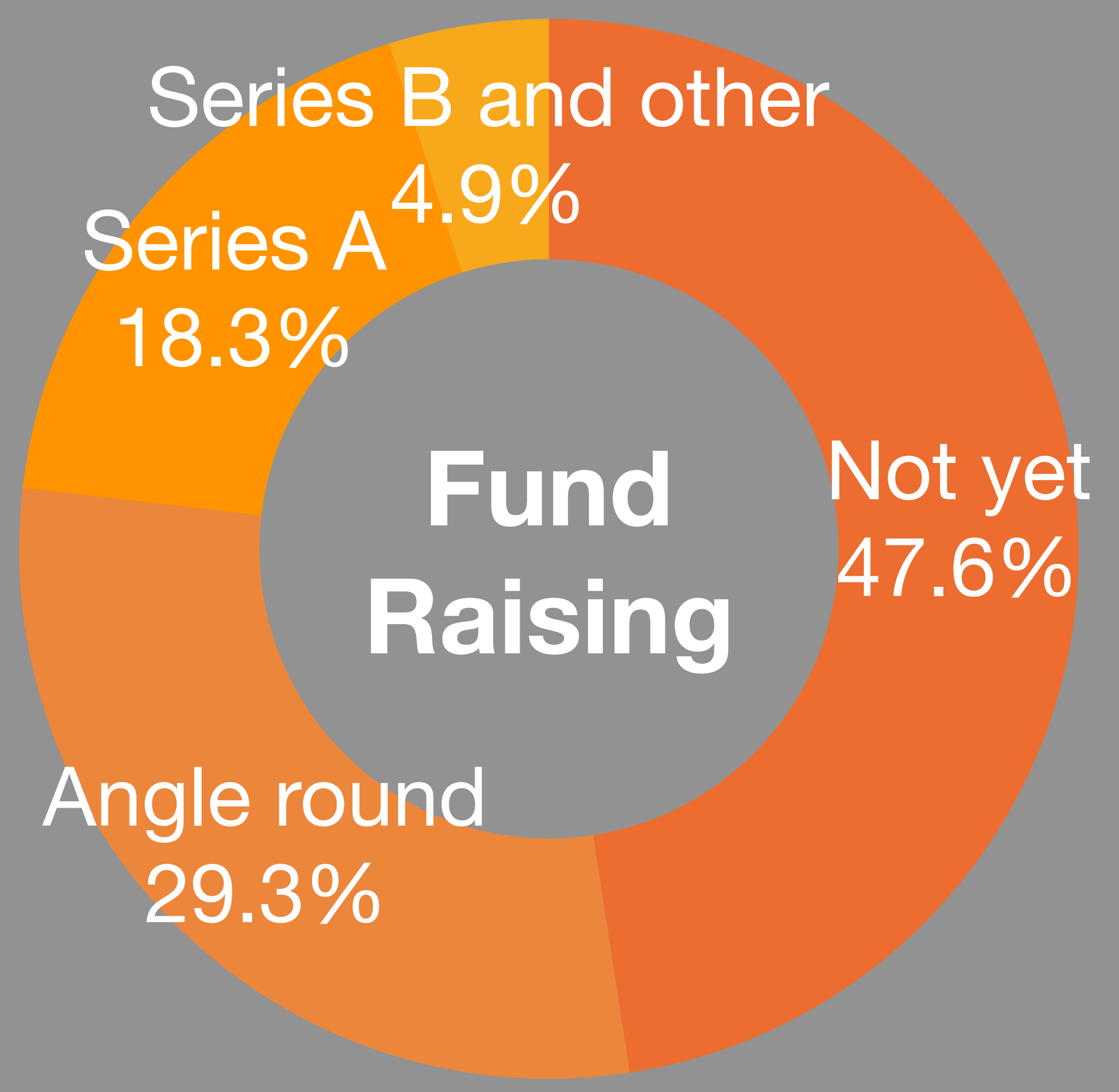


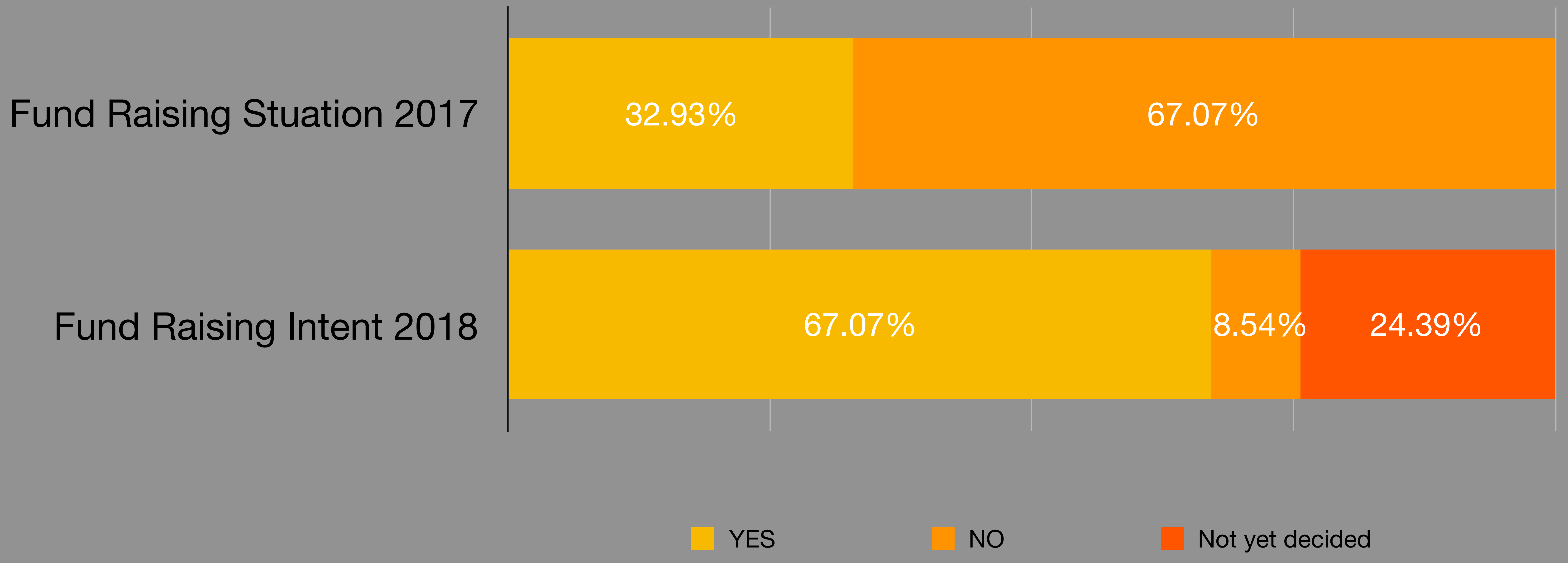


In 2017, most of the VR content teams are still in small scale. With only 23% of the teams had a obvious decrease of the number of team member, most of the teams had remained stable and ***43% teams even enlarged their scale when the whole industry slowed down***.

For most of the teams, they already found their way to develop.

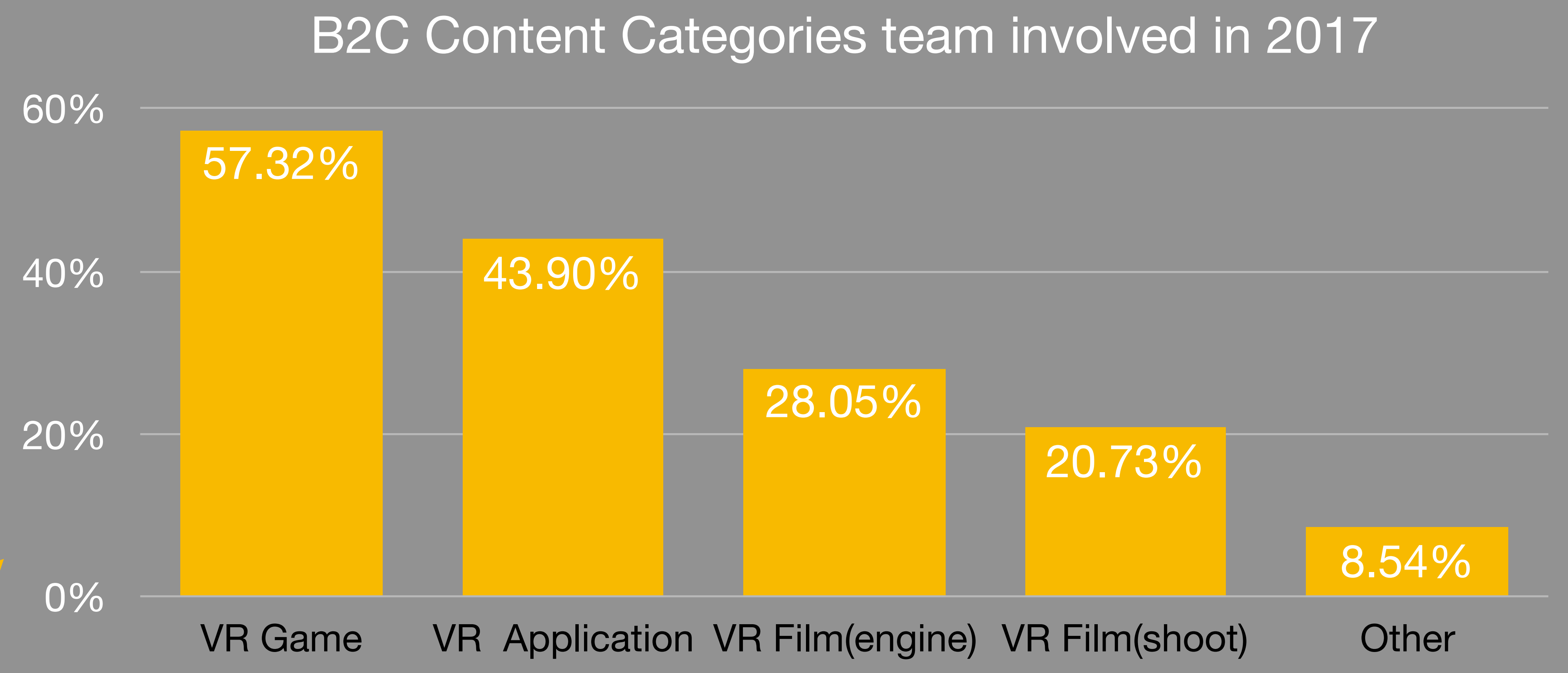
Fund raising condition



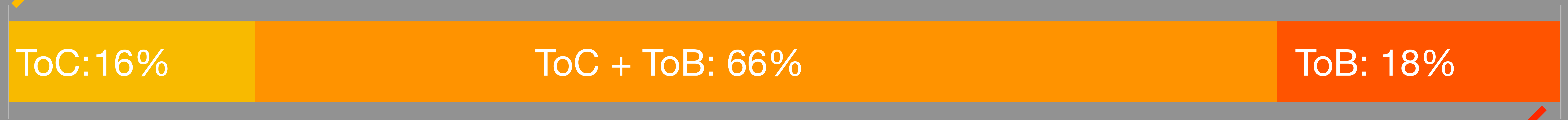


The slow down of develop also influenced capital market. Up to now, there are almost half of the teams has not yet stepped into any fund raising process. However, ***about 1/3 of the team still got their financing in 2017***, which indicates the influence to the capital market is not to stop all the investors, but to make the market calm down and choose the outstanding teams. For the other teams, they seems also find their way to survive not rely on fund raising.

Content for business and for costumer

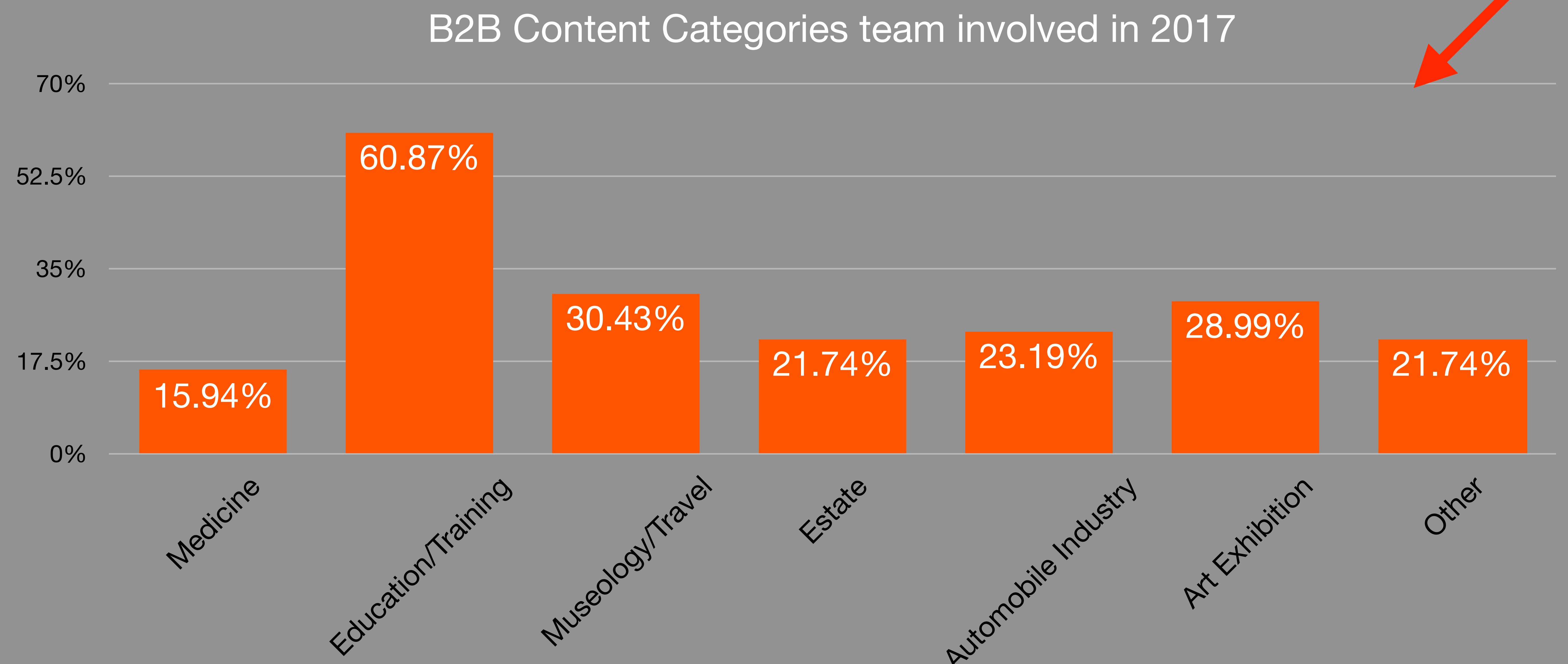


Games were still the main force of B2C content. About 60% of the teams who still doing B2C content were developing games.

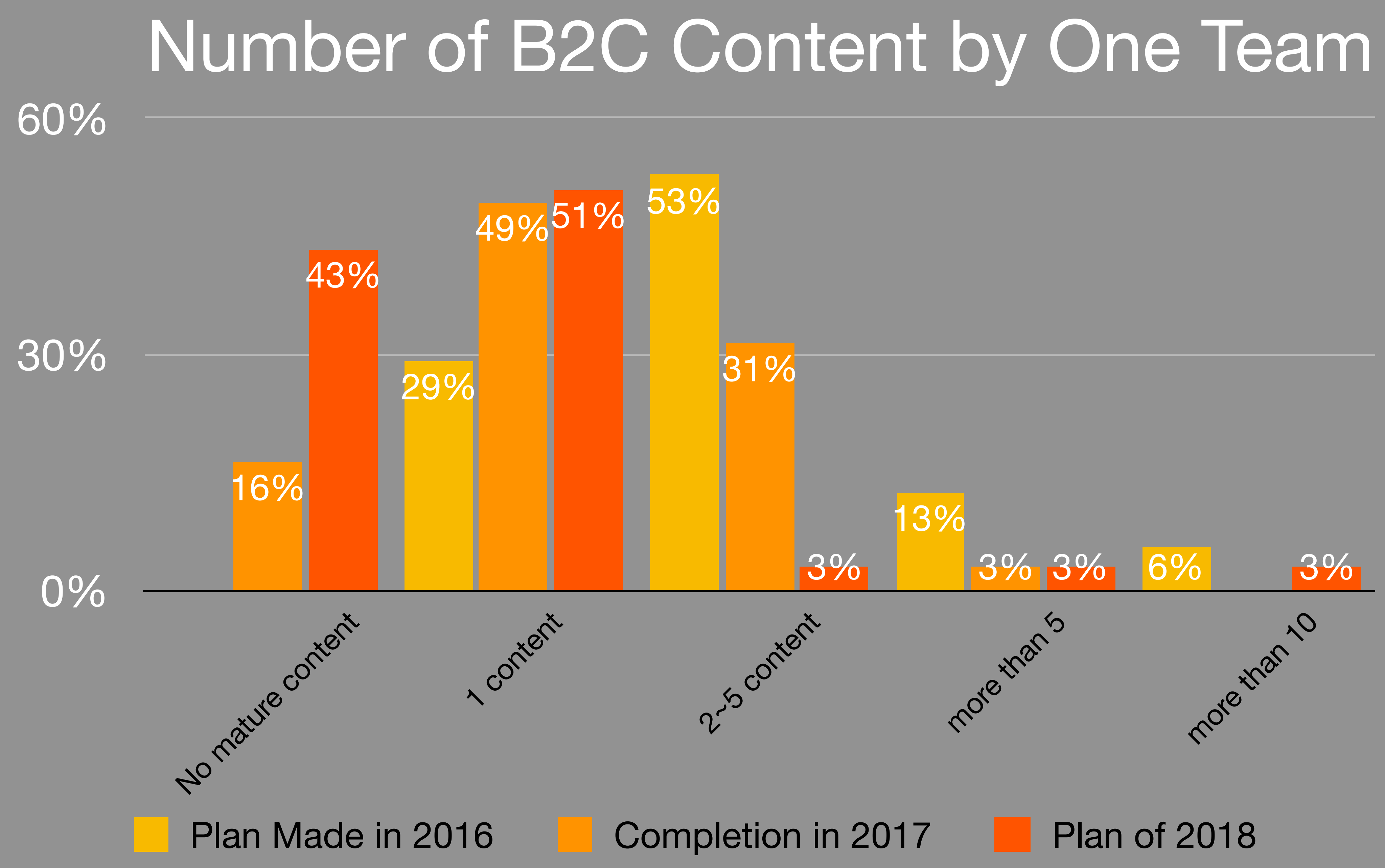


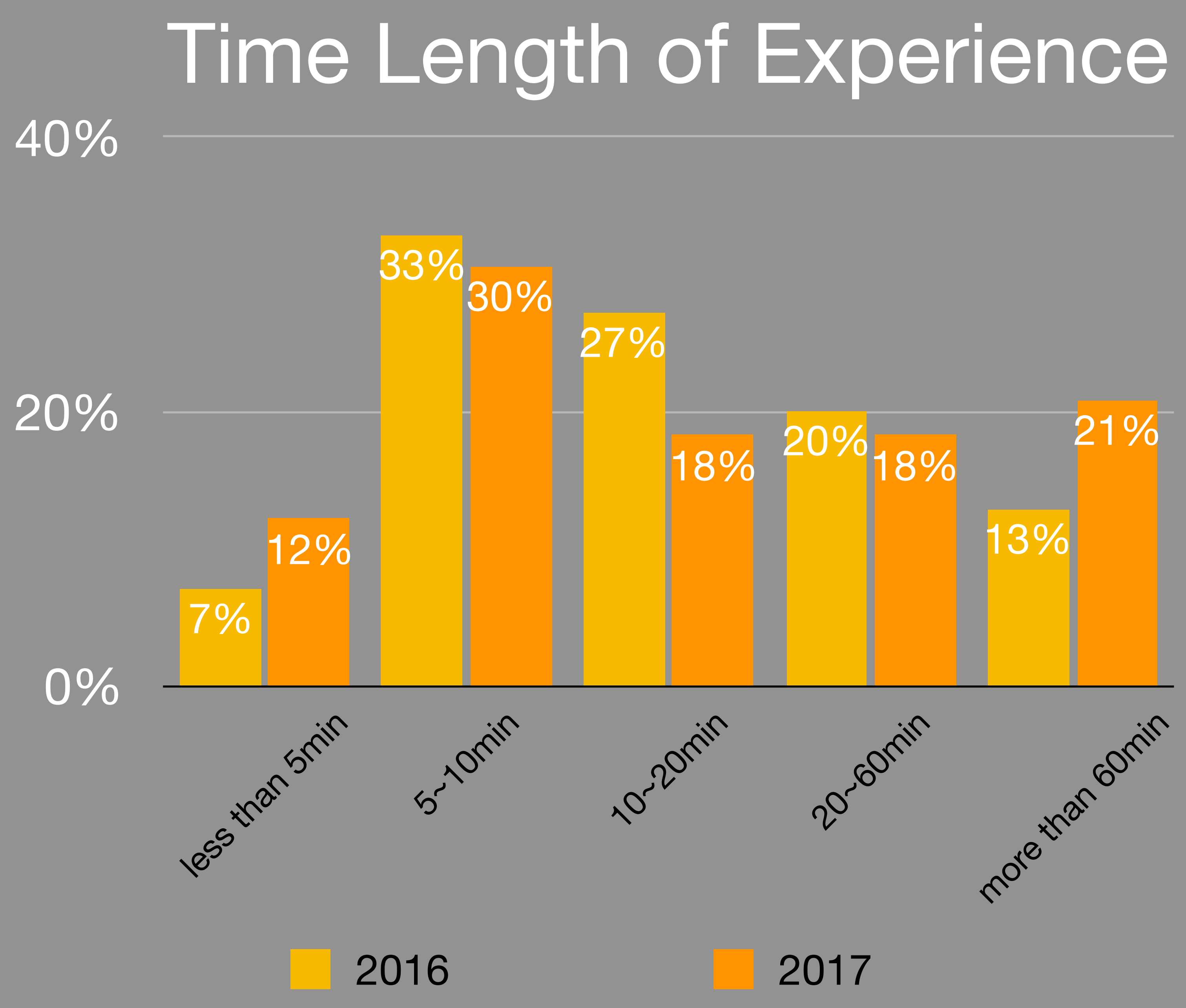
Most of the team started to develop B2B content in 2017. ***84% of the teams have conducted B2B content*** and 18% even developed only B2B content.

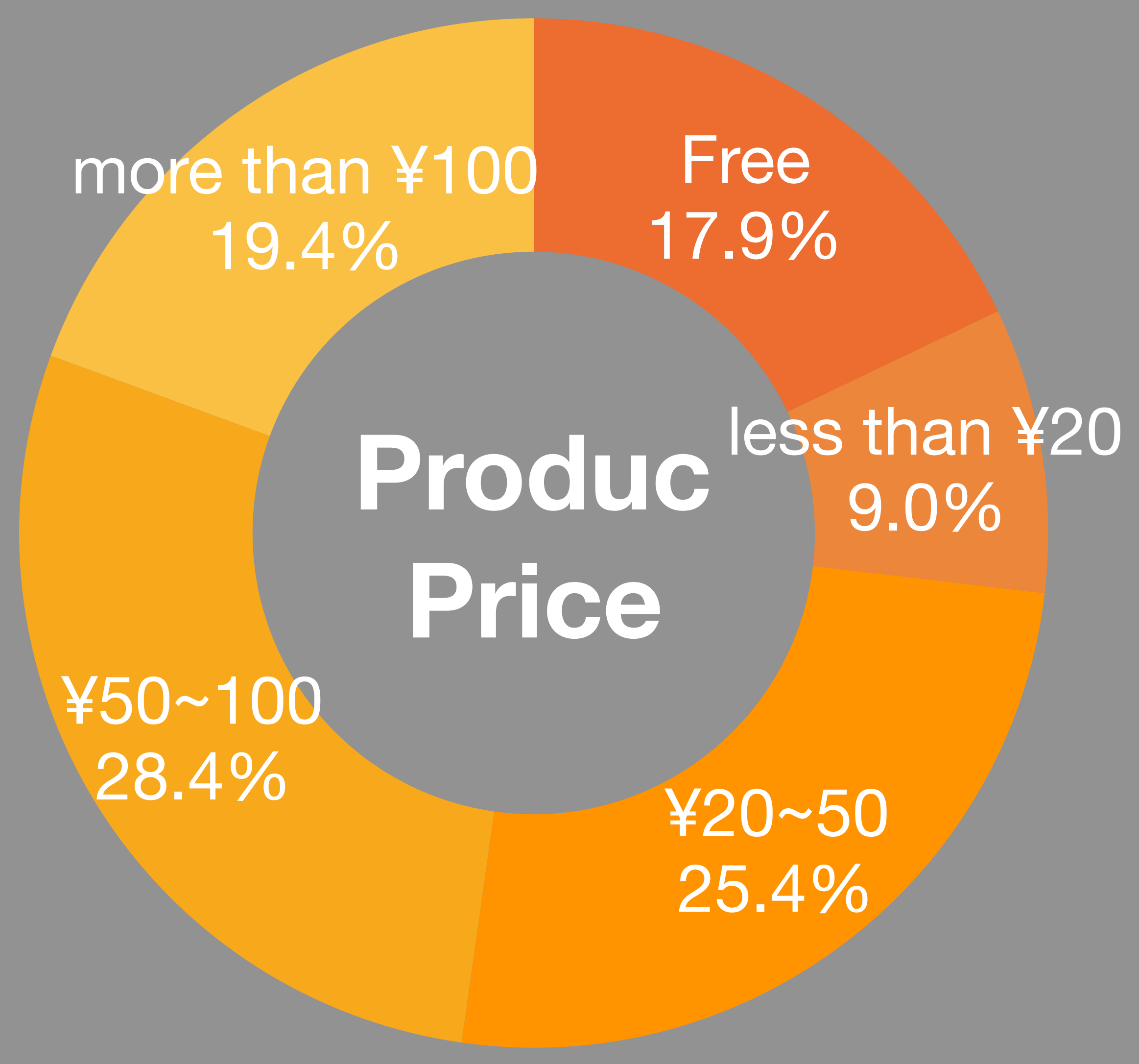
Education/Training is the biggest category with more than 60% teams have developed related content. Museology/Travel and Art exhibition were also in top3 of all the categories.



B2C content: High quality experience is more valued



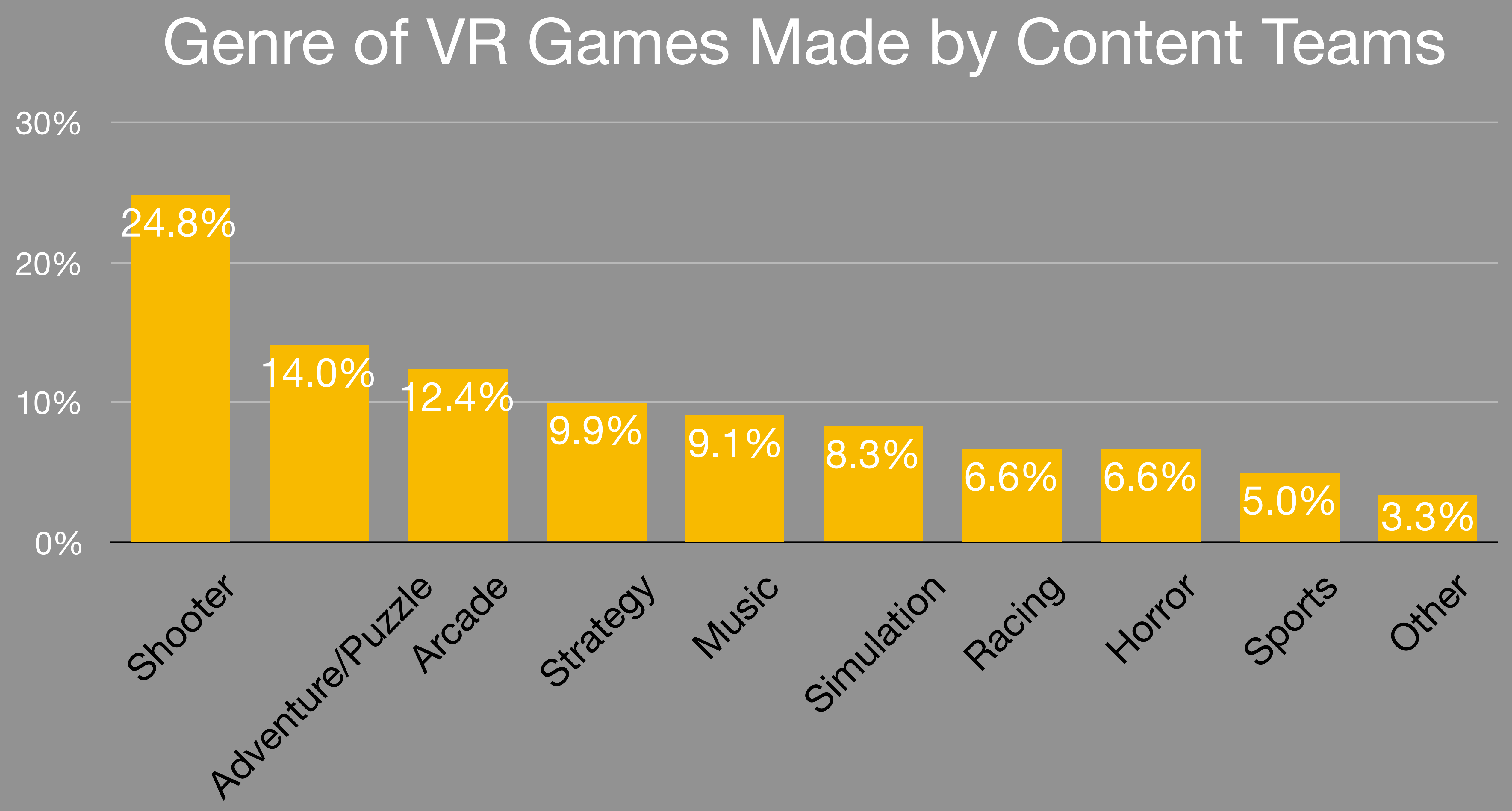


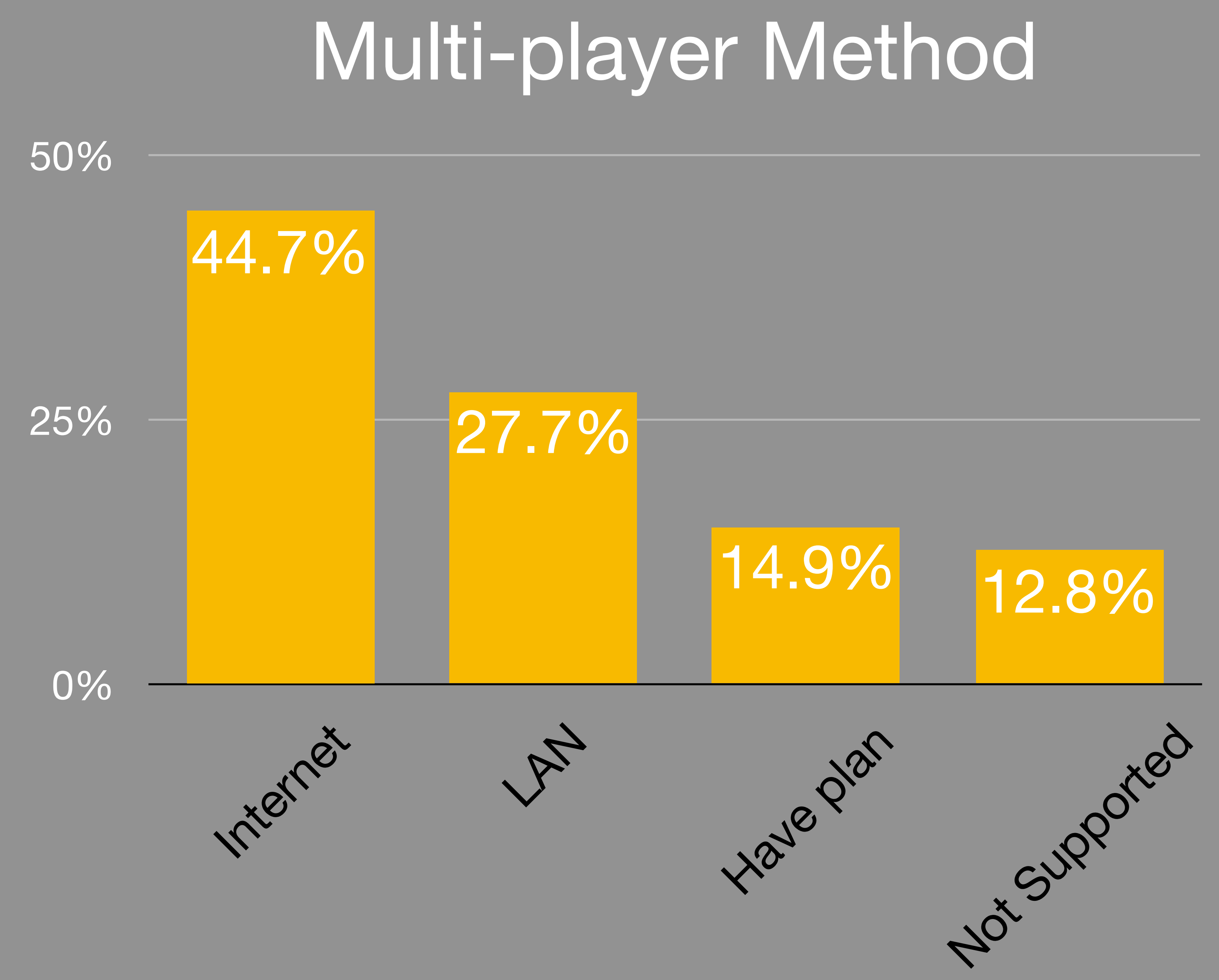


Compared to the plan in 2016, ***the product completion of most teams in 2017 was not so optimistic as expected***. In the 2018 plan of the teams, there are even less B2C content than ever.

On the one hand, the trend reveals the costumer market went cold. On the other hand, ***more developers tried to focus on content longer than 1 hour with higher quality but not only quantity, which would be also a good signal for the industry.***

B2C games: Increase in arcade games





Shooter games still remain in the mainstream with a 24.8% proportion. Meanwhile 12.4% of the games are arcade games, which has already become an important genre.

Multi-player games become the emphasis also, since more than 70% teams has already developed related content.

B2C VR film: Still need more explore

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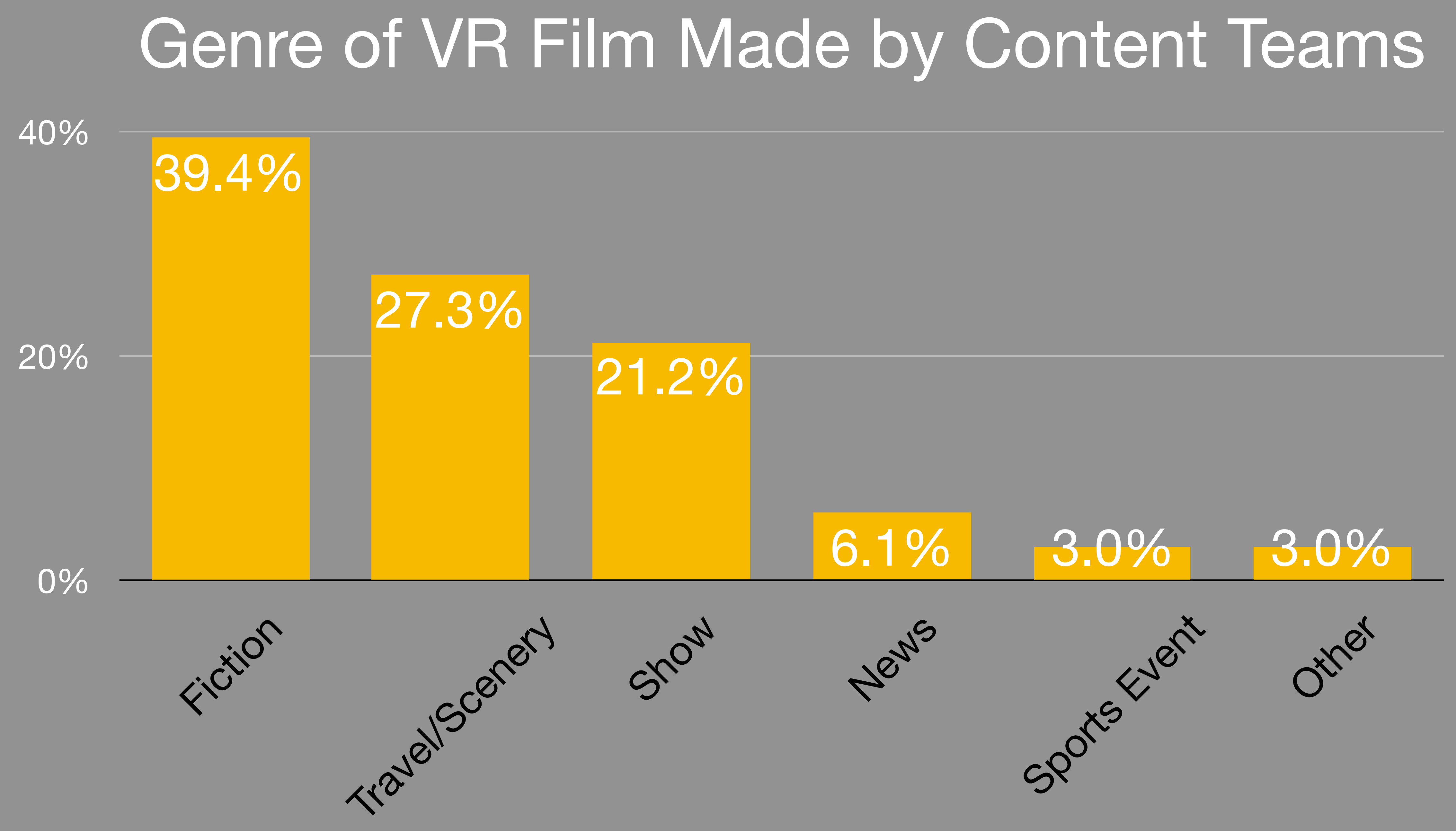
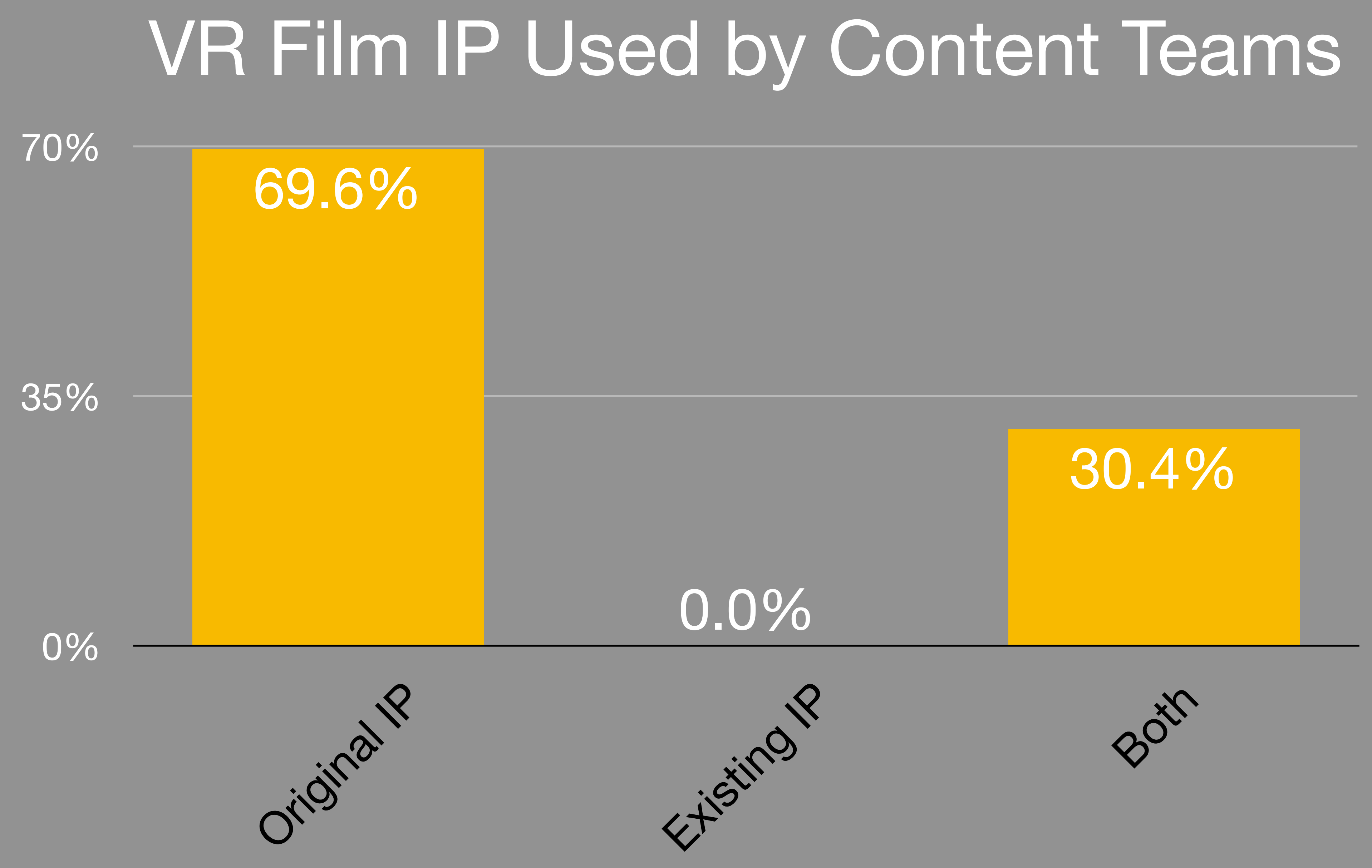
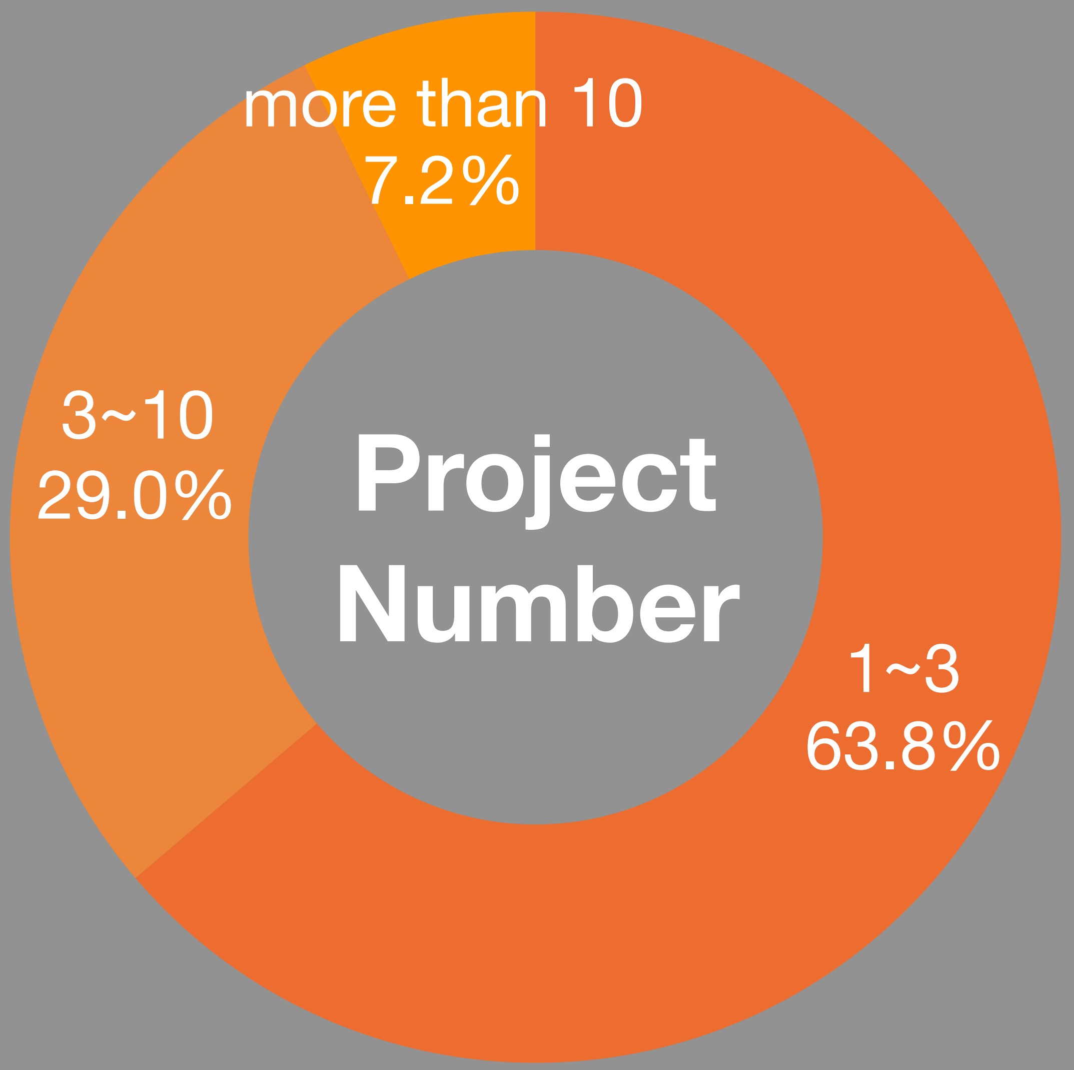


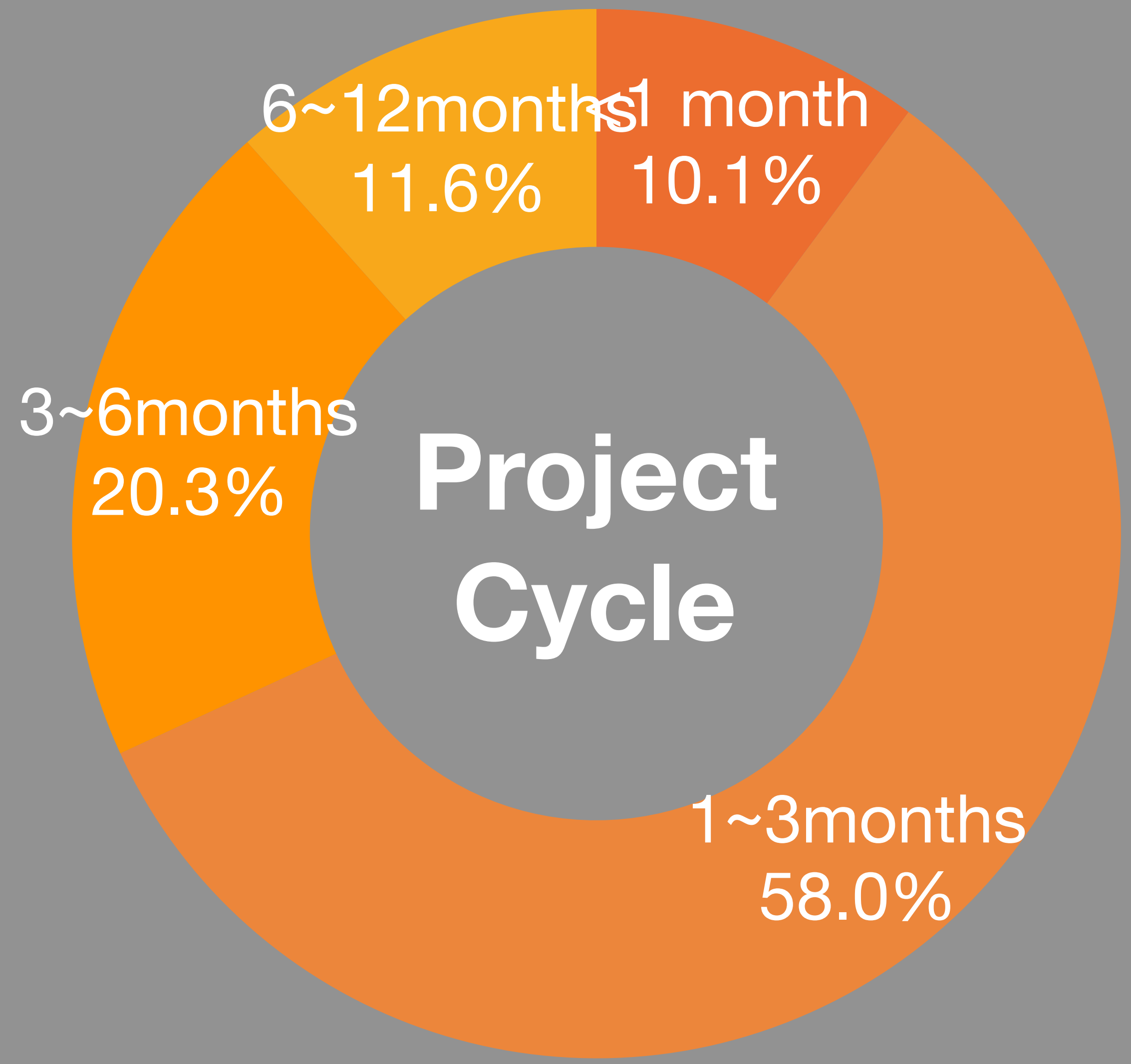


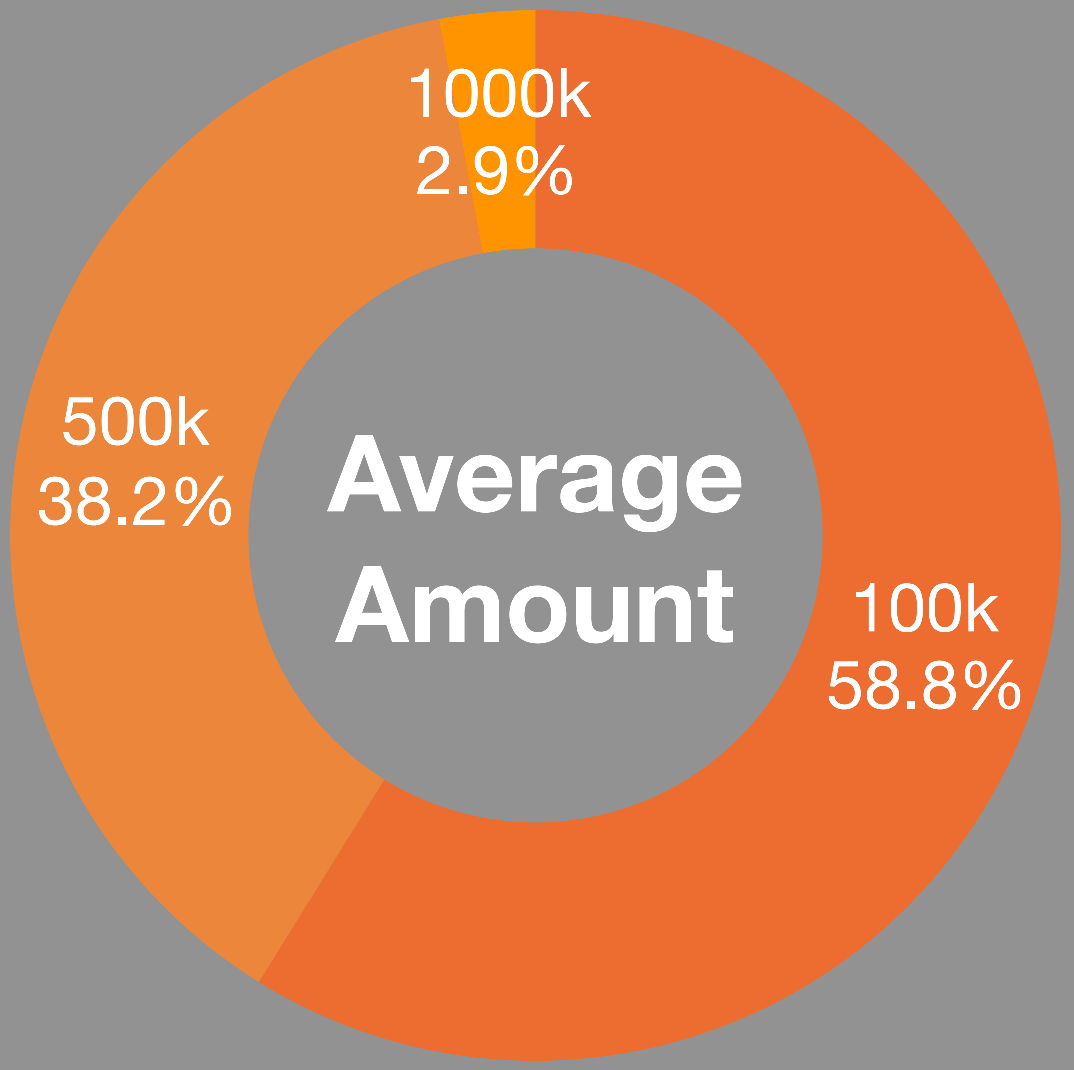
***Up to now the VR film developers are still try to find a better way of narration*.**
Virtual panorama technique is already used in travel, live streaming and many other field.

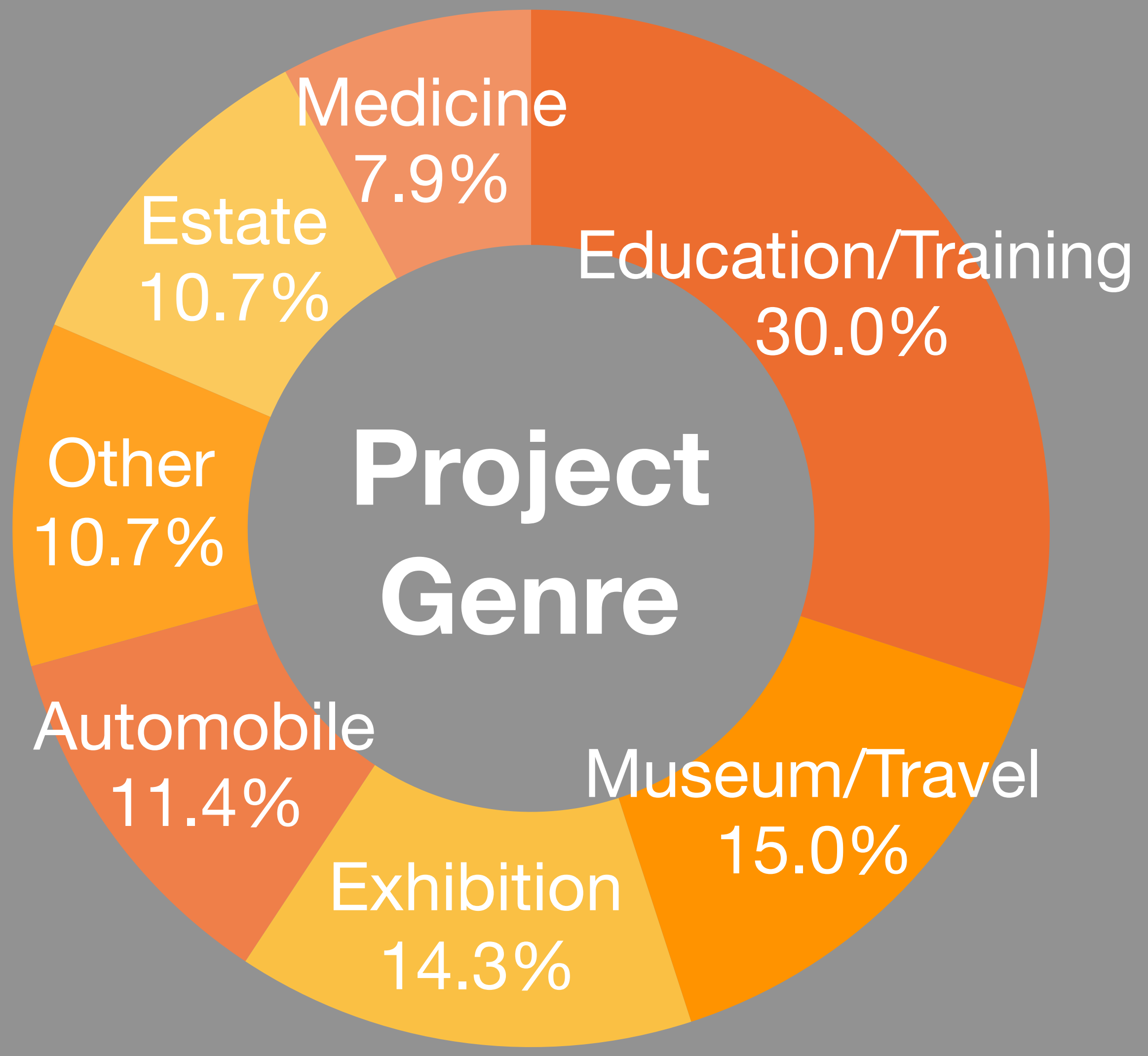
As for content, the content developers are trying more to create new IP rather than using existing IP, since it's not easy for the new teams to get a renowned IP at first.

B2B content: Survive and develop





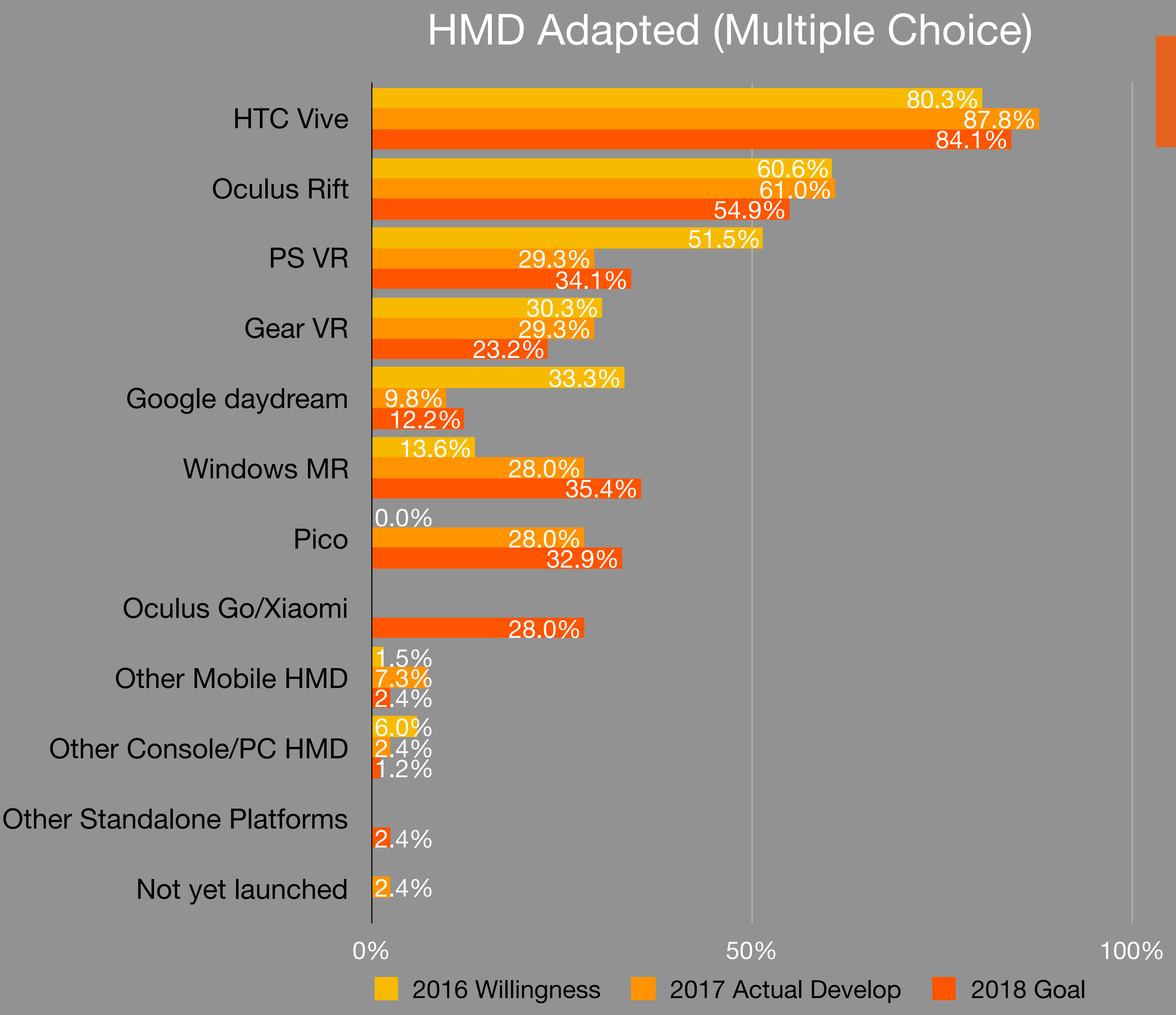




Most of the B2B projects conducted now are within 3 months and under an amount of one hundred thousand RMB. About one third of all the projects are the Education/Training related content.

It can be seen that ***most of the projects received by developers today are of small scale.*** It is often the case that many projects are subcontracted for a large project. Short project cycle, small amount and the lack of in-depth integration with the industry are the problems in current situation. If the developers can go deep into one industry, they will have the opportunity to get better orders.

Hardware: HTC continues to lead, MR grows strongly



- As for HMD, ***HTC Vive is still the most used and expected hardware***.
- Compared with the development expectation at the end of last year, the actual development share of ***PSVR and Daydream and the new year's development expectation are greatly reduced***. PSVR may be limited by the stringent requirements of the PlayStation platform and the resulting long development cycle; the latter may be due to Google's reduced attention to Daydream and the difficulty of improving equipment inventory.
- ***The development willingness of the Windows MR Series is continuing to rise***. At the end of 2016, only 13.6% of developers had a willingness to try, but in actual 2017, 28% of developers tried to use the modified series, and 2018's willingness is further increased.
- **Pico became a dark horse in 2017** and gained tremendous support from developers. Its success in the B2B market has contributed.
- ***Developers are very interested in the standalone machine***, but the overall view is still conservative, and there is no high development willingness.
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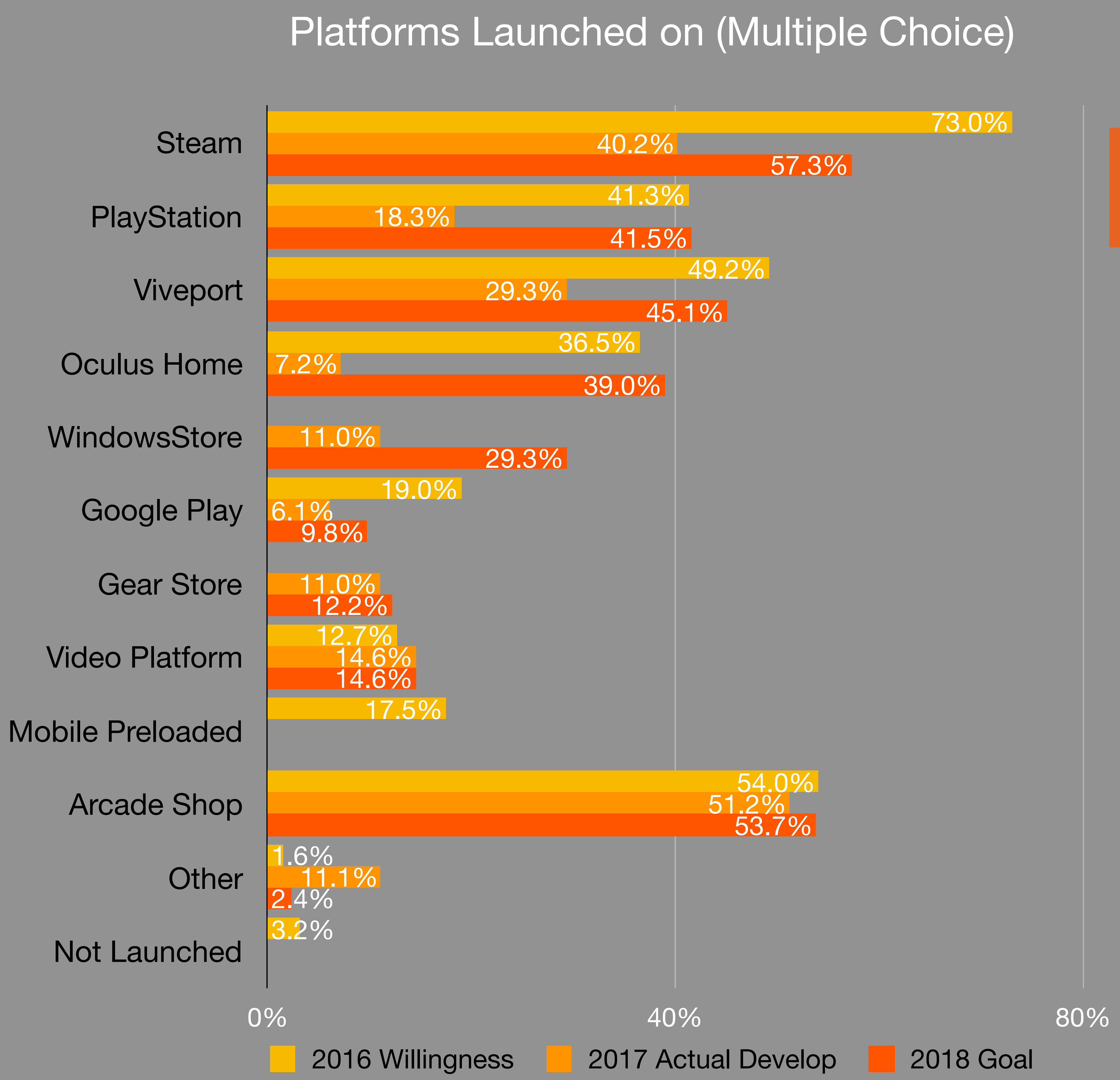
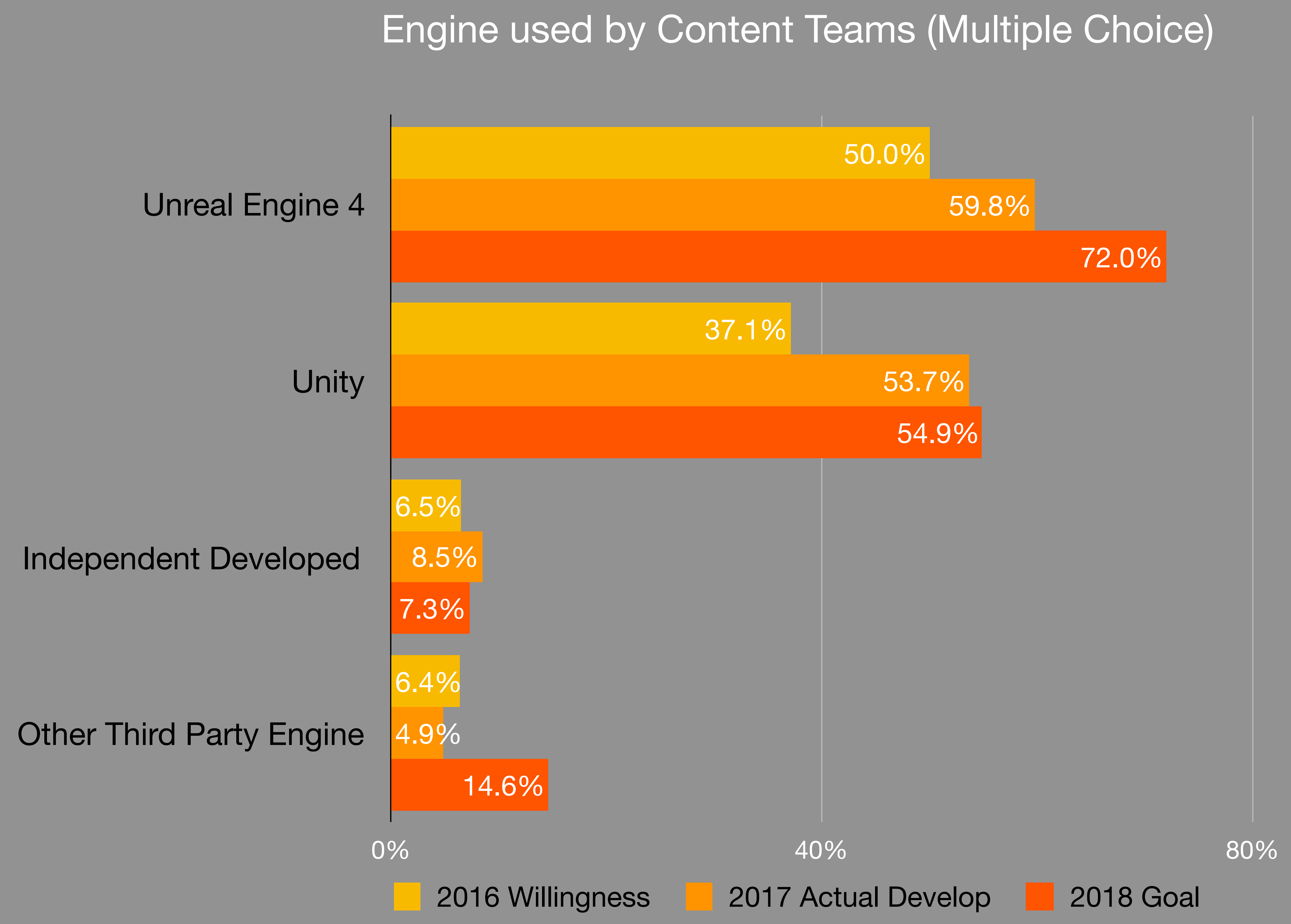
Platform: Actual situation of the online platform lower than expected



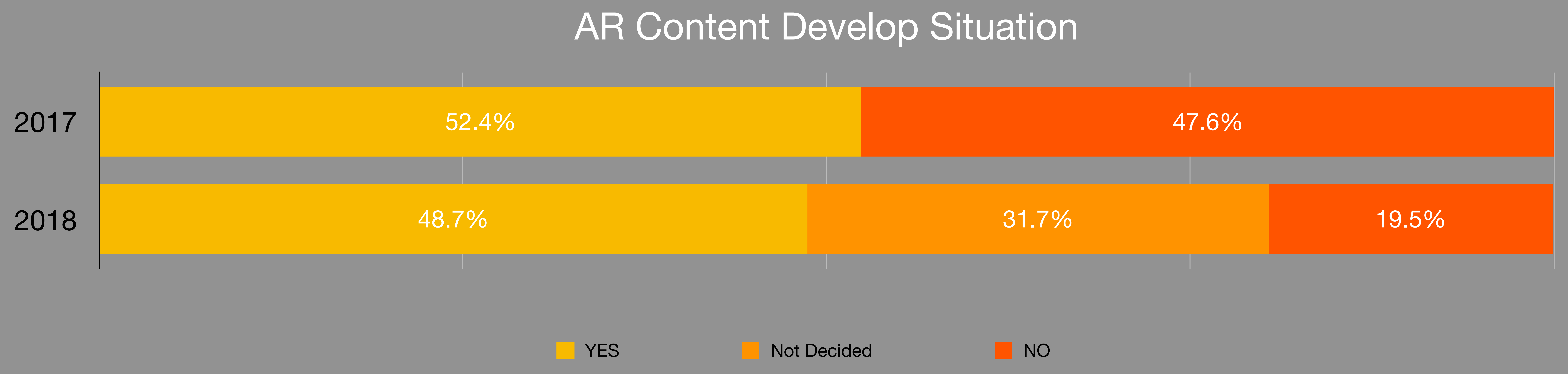
- Due to the large number of content on Steam, piracy, and low profitability, ***Steam's on-line percentage and expectations are significantly reduced***.
- Except for Steam, online platforms such as Viveport, PlayStation, Oculus Home, and other online platforms are not as good as expected at the end of 2016, but there is still strong willingness to launch on these platforms in 2018.
- ***The willingness to release on Windows Store is further improved***.
- ***Arcade platforms stay stable.***

Engine: UE4 Leading



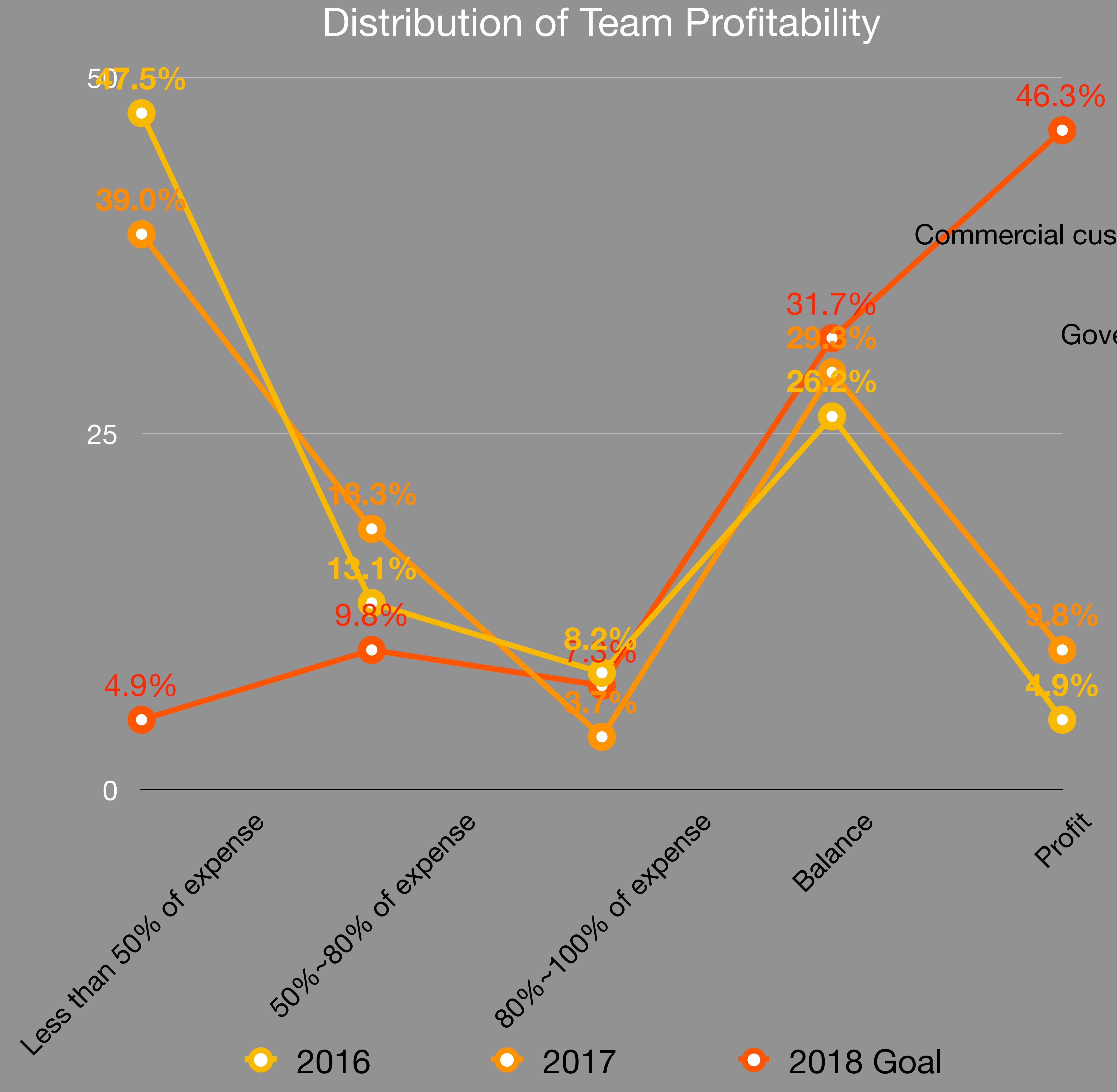
- ***UE4 engine still holds a leading position in engine tools.***
- With the accumulation of team technical strength, ***a considerable number of teams chose to use both UE4 and Unity engines simultaneously to support different services.*** This is obviously different from the situation where the team generally used only one engine in 2016.

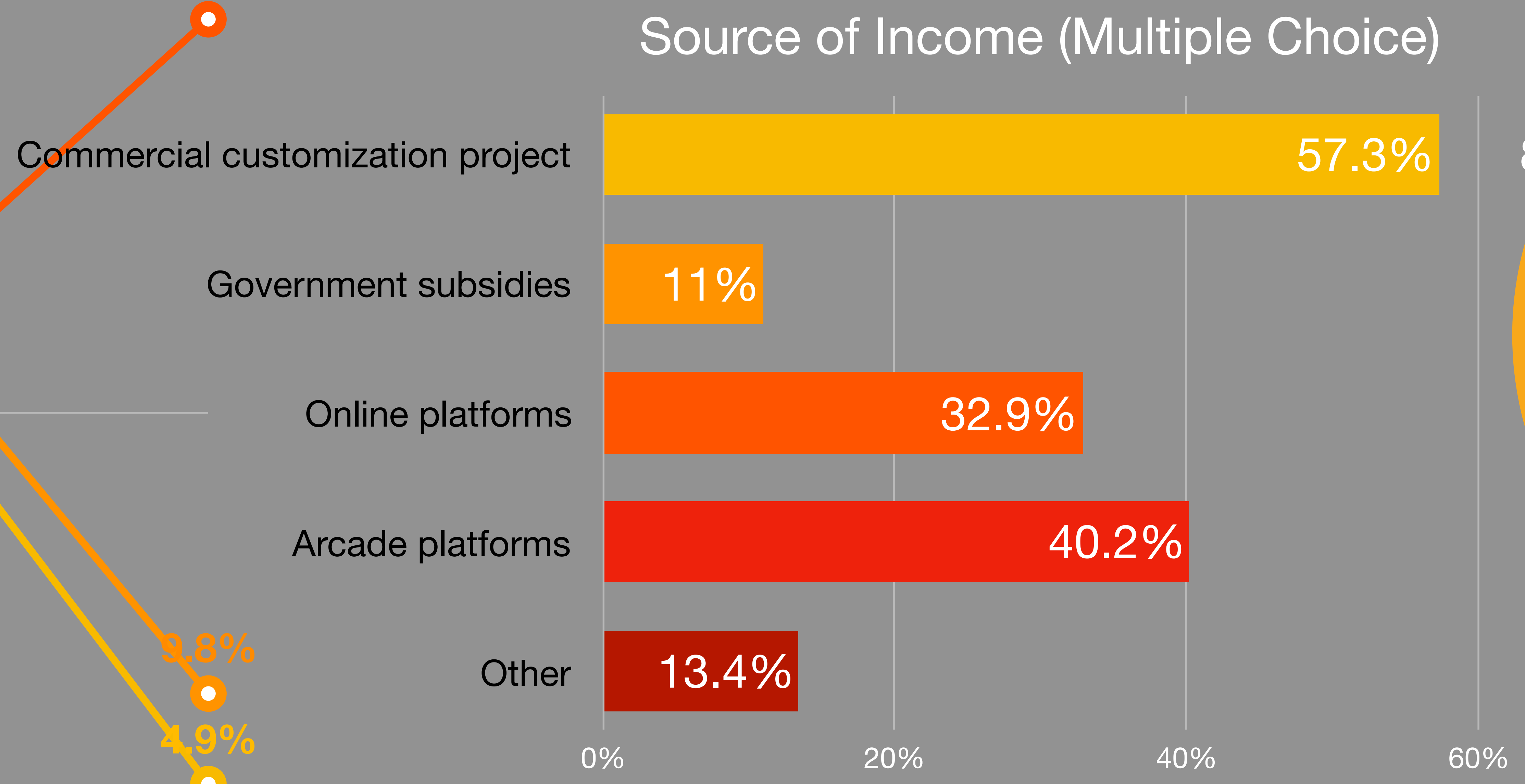
AR: New trend

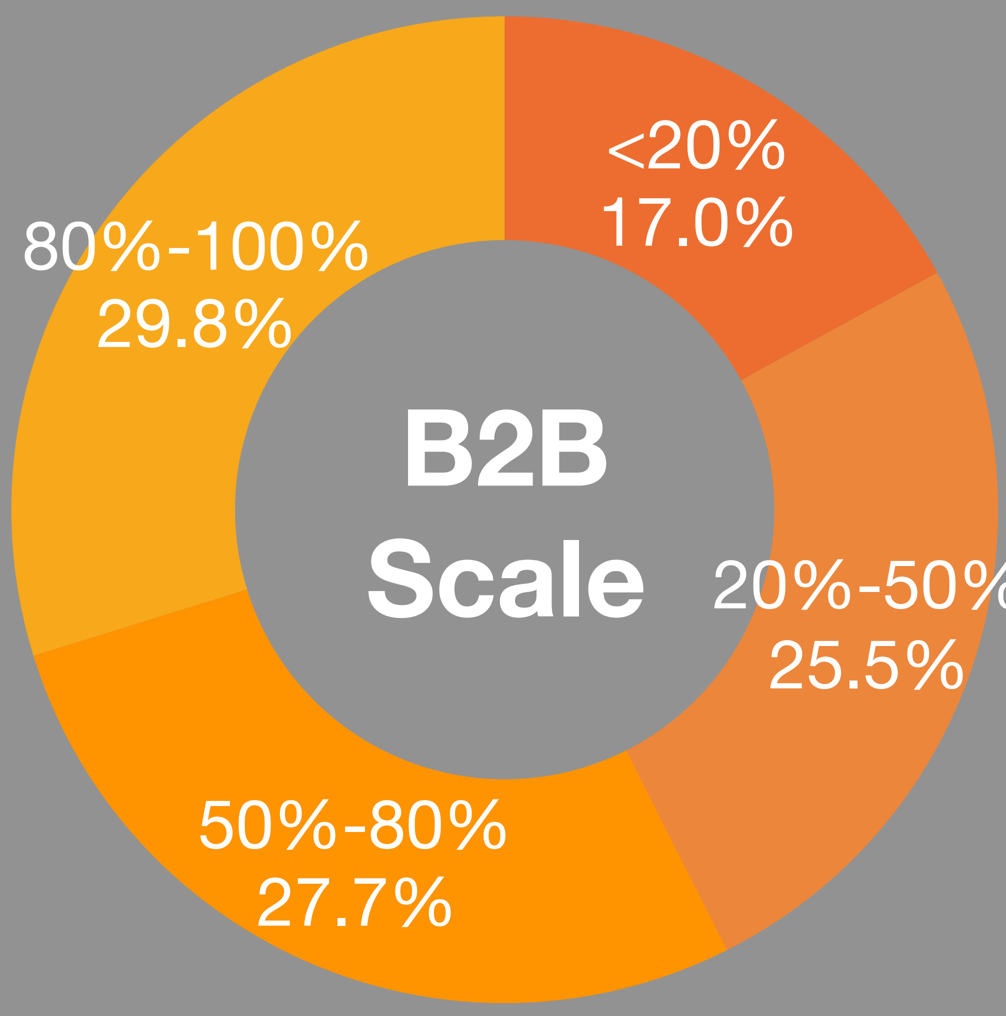


In 2018, ***AR content will become a new focus of the team***. In 2017, more than half of the teams have tried to develop AR content, most of which are B2B content. There may be more teams to try AR content in 2018.

B2B order improve financial conditions







- ***The financial situation of the team in 2017 is better than 2016 overall***. Most of the teams are optimistic about the financial situation in 2018.
- ***The increase in revenue basically comes from the expansion of B-side projects***. More than half of the 50% of the team's revenue comes from the B-side project.

Funding is still the biggest challenge

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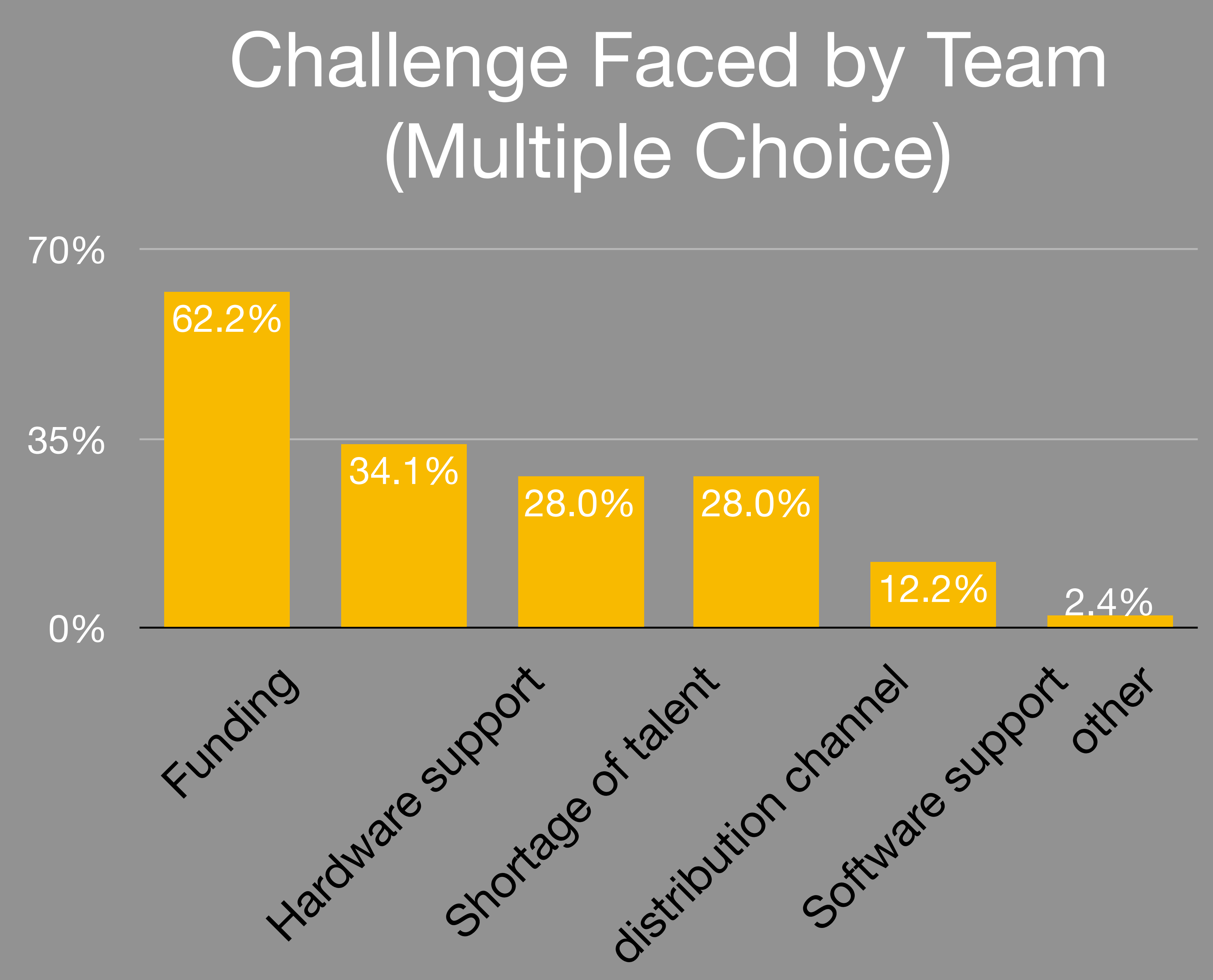

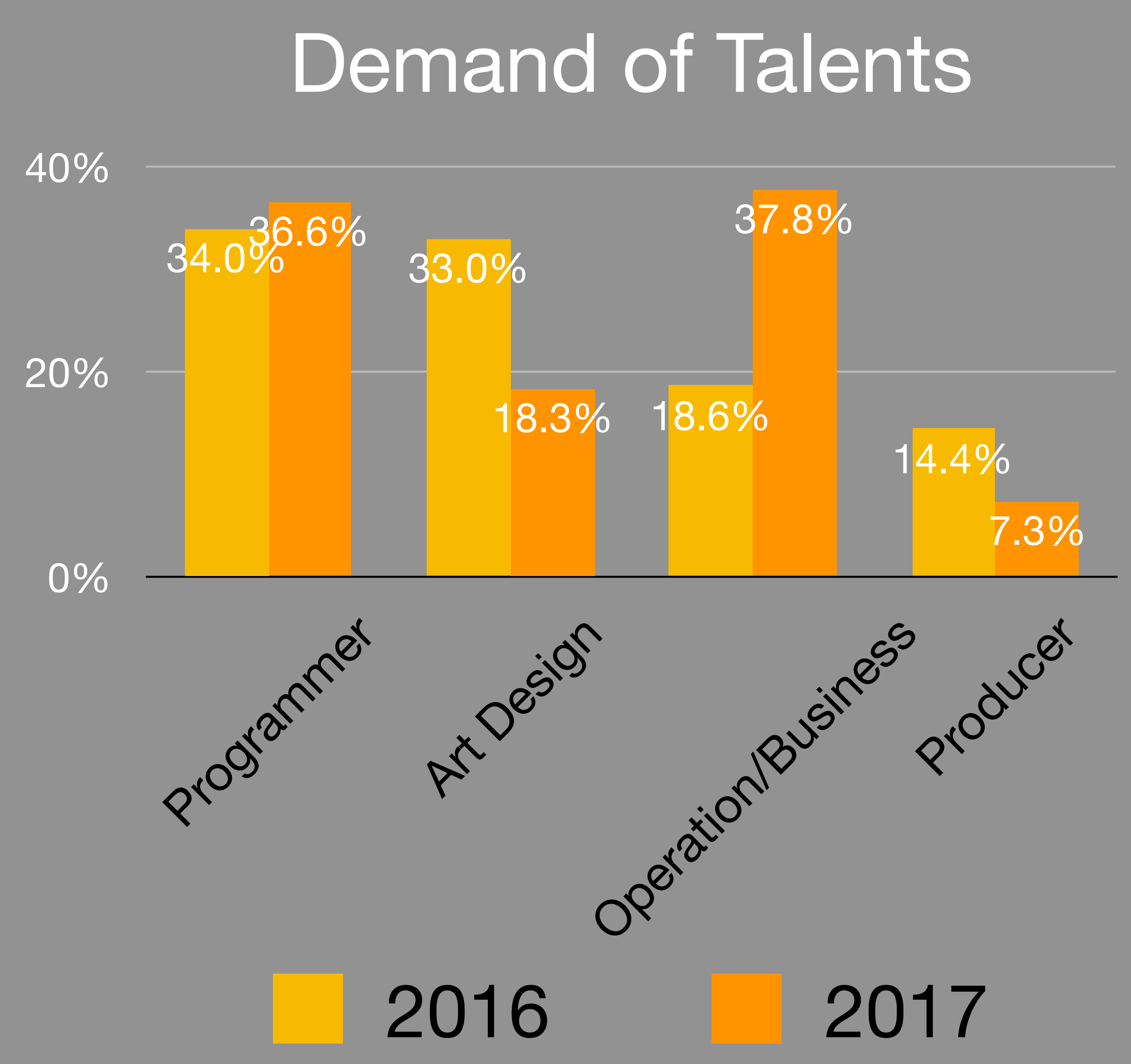

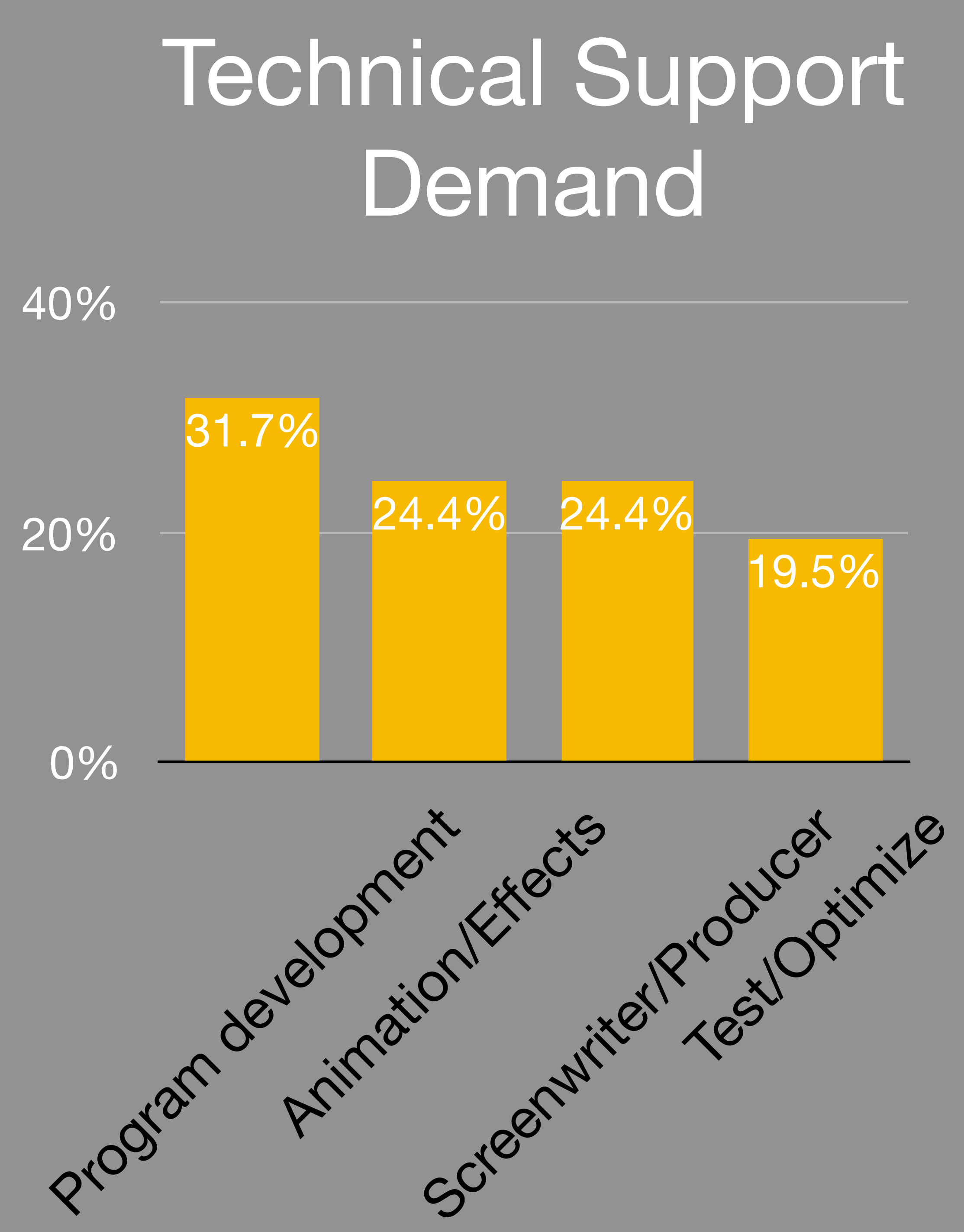

For the VR content team, ***the capital limitation is still the most important issue.*** More than 60% of the teams think that the funding problem is one of the important challenges faced by the team, because it also caused the current content developers to tilt towards the B-side, which also caused the increase in demand for business/operational personnel. In 2017, the team's demand for operations/business was doubled compared to 2016, becoming the type of member that the team is currently craving for.

Over half of the teams have a plan to go overseas

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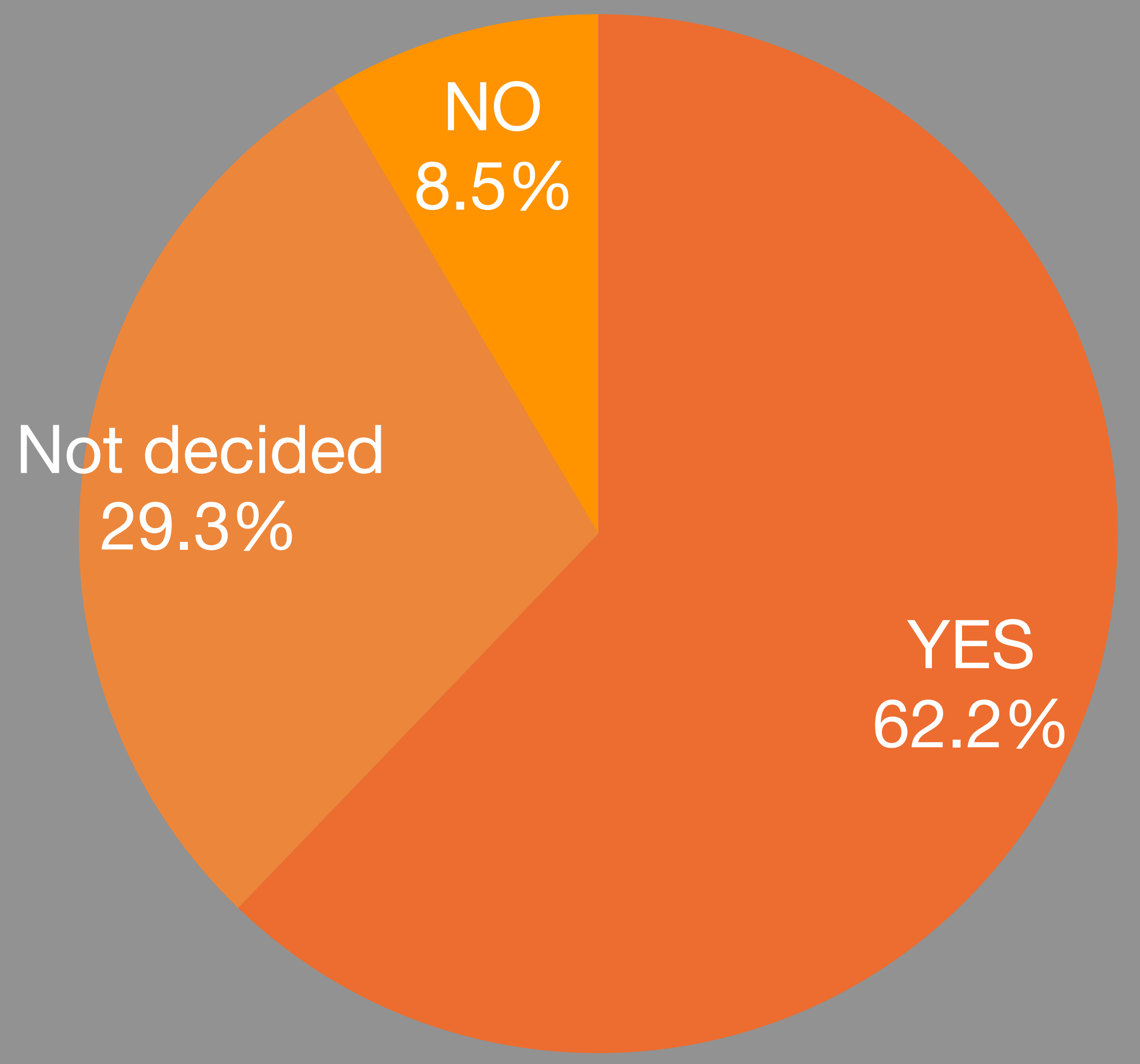
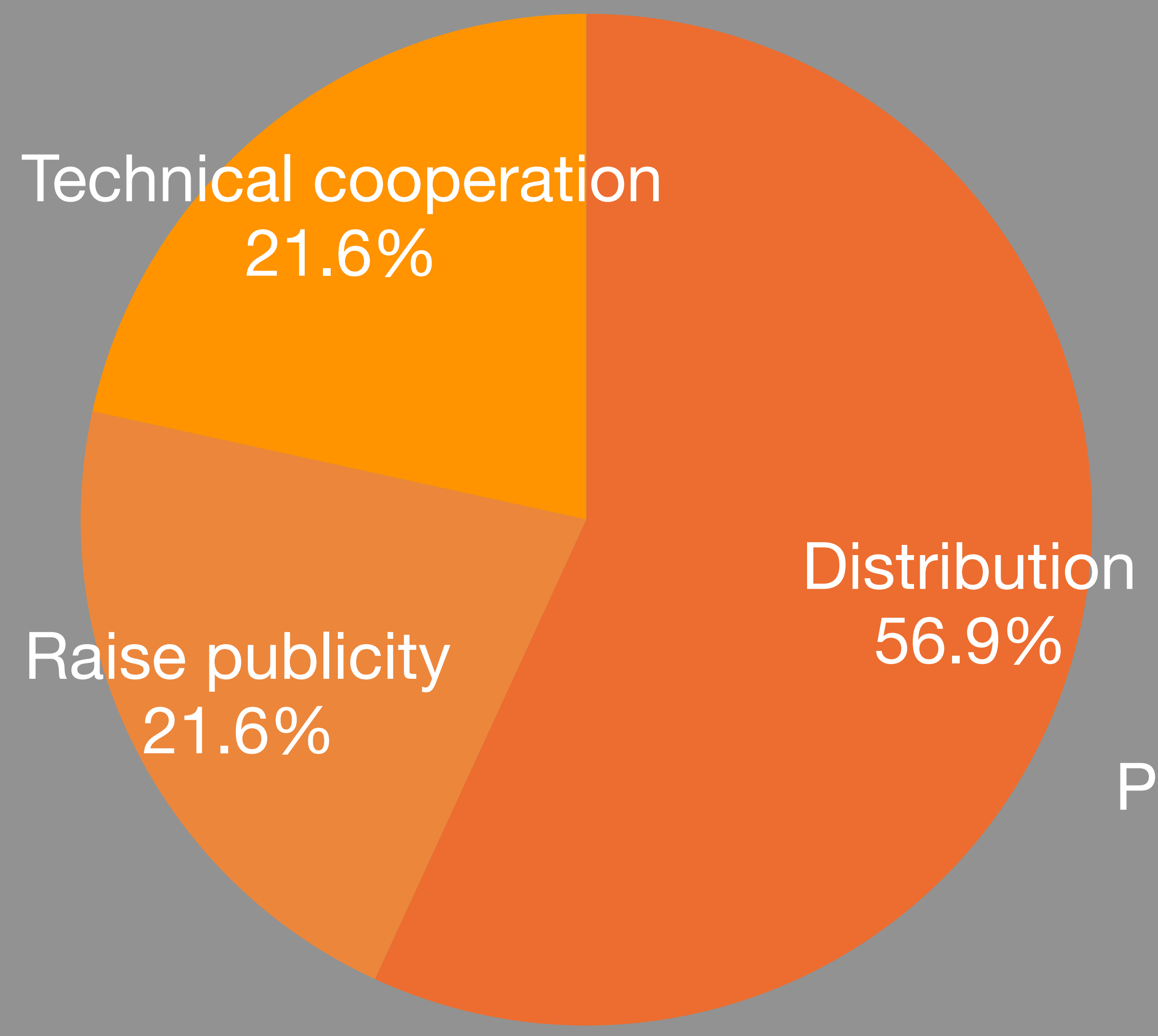
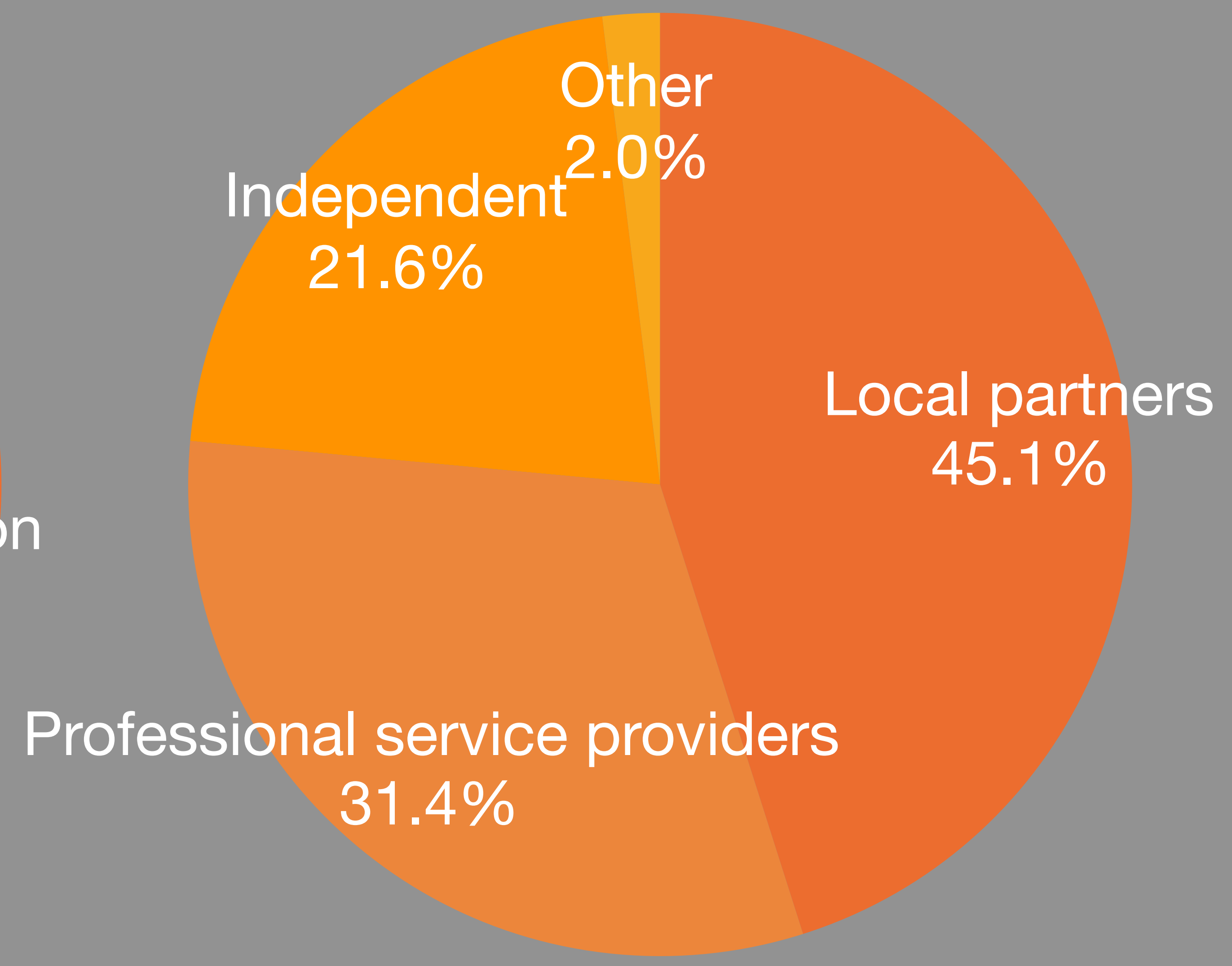
Overseas Project



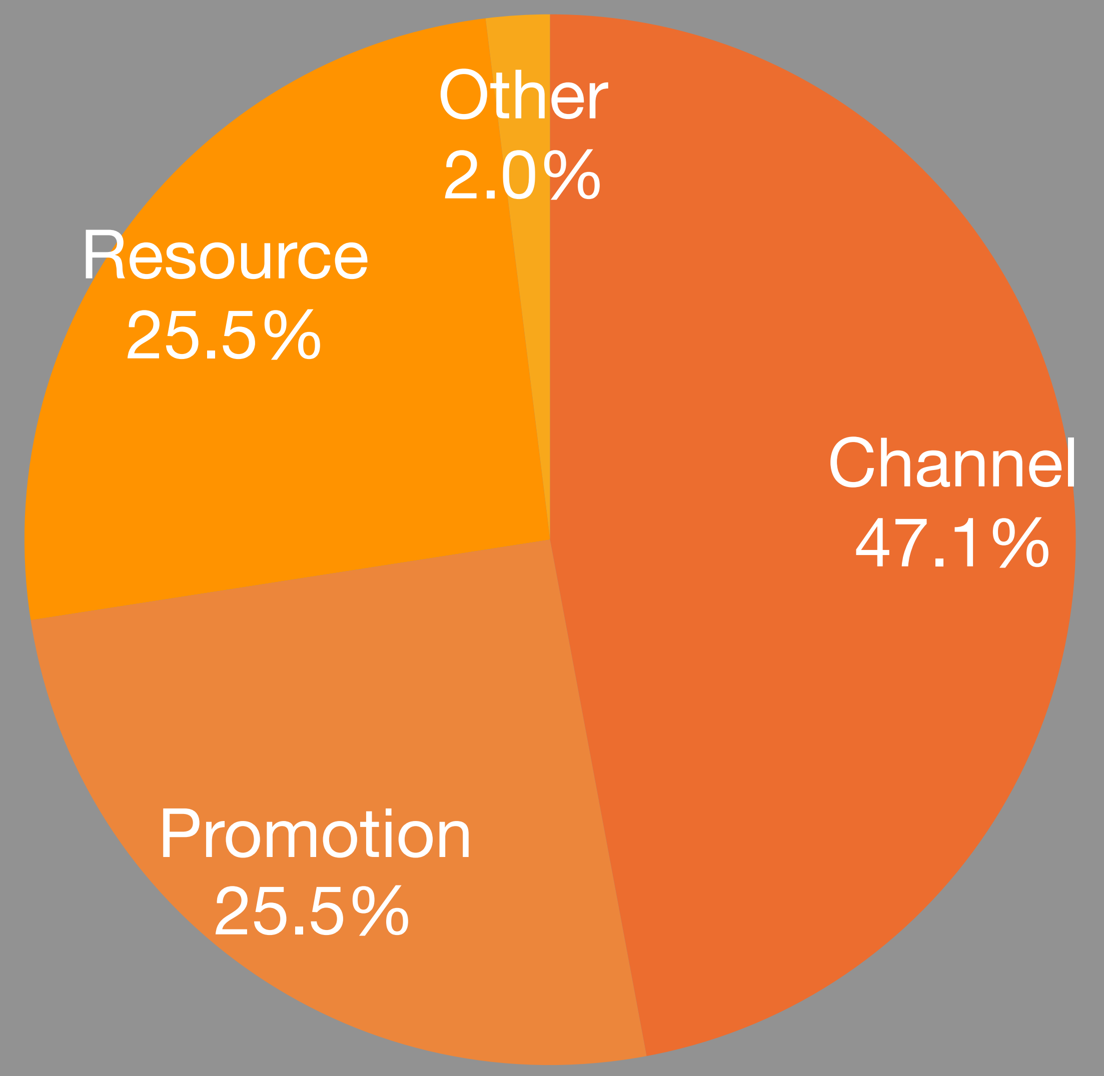
Purpose of Cooperation



Cooperation methods



Looking for Help



For Chinese VR content teams, overseas markets are one of the important goals for future expansion. Chinese teams are eager to increase product sales and promote products by expanding overseas markets. For cooperation methods, the team hopes to find local partners or professional service providers to save the cost and resistance brought by the team's independent expansion and to improve efficiency.

Conclusion

The VR content team is bottomed out, bringing better content and experiences.

In 2017, although the entire industry encountered a cold winter, but through this survey, we can still see the VR industry in steady development. With the team's accumulated technology, there's already a complete set of processes for the development of VR content, and has improved team income through the development of the B-side project.

In 2018, it can be predicted that the VR content teams will further expand their business scope and try more types of equipment and technologies. The B-side project will still be the main means for the profitability of the VR content teams and support the development. With the accumulation of experience and the abundance of funds, we can look forward to the emergence of domestically produced VR games that will be more complete and complete in 2018 and provide better experiences.

THANKS

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