

Industry Intelligence Program



Company Profile

Softstar Entertainment Inc.



Abstract

This research presents an overview of Softstar's (Softstar Entertainment Inc.) company development and current status, surveying the company's history, facilities, results of operation, investment profile, R&D resources and patents, and with a SWOT analysis highlighted.

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1. Company Overview

1.1 Corporate Information

Table 1 Corporate Information

Company Name	Softstar Entertainment Inc.
Headquarters	16F., No.166, Jian 1 st Rd., Zhonghe Dist., New Taipei City 23511, Taiwan
Contact	886 2 8226 5677
Founded	3 August 1988
Chairman	Liang-Cai Wu
President	Liang-Cai Wu
Spokesperson	Angus Huang
Website	http://www.softstar.com.tw
Employees	137
Operating Income (NT\$ Million)	204
Products	Development, management, and licensing of stand-alone game software, online games, browser-based games, and mobile games

Note: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013

1.2 History

1988

Softstar (referred to as the "old" Softstar) was founded.

1989

Softstar published free booklets, called Softstar Magazine, to introduce its latest PC games, with hundreds of thousands of circulation.

Softstar established a R&D department.

1990

Softstar released its first VGA (Video Graphics Array) game: Warehouse Family Sokoban Game.

Softstar released Taiwan's first Chinese-style role-playing game: Xuan Yuan Sword.

1991

Softstar rolled out Legend of the Zyca, the first Taiwanese PC game with a three-dimensional player viewing angle.

1993

Softstar decided to focus on self-developed games, rolling out games such as Richman, Empire of Angels, and Magic Century.

1994

Softstar launched Xuan Yuan Sword II, Empire of Angels II, and Magic Century II.

1995

Softstar made forays into Japan, launching Japanese version of Xuan Yuan Sword II.

Softstar was licensed by Japan's SEGA to develop software for the company's 32-bit game console Saturn.

Softstar launched its first CD-ROM game: Chinese Paladin (a.k.a. Xianjian Qixia Zhuan).

1996

Softstar launched Richman III.

Softstar was awarded computer golden brand award and the best recreation software company by CEM Star.

1998

Tianshuo Software (literal translation of its Chinese name) was established with initial capital of NT\$20 million.

Tianshuo Software acquired Softstar (the "old" Softstar).

Tianshuo Software renamed as Softstar Entertainment (the present Softstar).

Softstar increased capital to NT\$120 million.

1999

Softstar released the first wholly-Taiwan-made TV game Xuan Yuan Sword for SEGA Saturn.

Softstar increased paid-in capital to NT\$156 million.

Softstar relocated to the current headquarters.

Softstar was allowed to launch IPO (Initial Public Offering) and prepared for OTC (Over the Counter).

Softstar rolled out Xuan Yuan Sword III.

2000

Softstar received the highest scores at the Millennium Game Star Contest held by Taipei Computer Association.

Softstar increased capital to NT\$223.4 million.

Softstar established Softstar International Inc., an overseas shareholding company wholly owned by Softstar.

Softstar reinvested to found Webstar Inc.

2001

Softstar released Richman 5, new Chinese Paladin, Dream Quest, and new Xuan Yuan series.

Softstar established portable device platform in charge of developing games for mobile phones and PDAs (Personal Digital Assistant).

Softstar signed a distribution contract with Japan-based Square Enix Corp. for the latter's game Cross Gate.

Softstar established Softstar Technology (Shanghai) Co., Ltd.

Softstar Entertainment became a listed company.

Softstar established Softstar Technology (Beijing) Co., Ltd. in charge of online game business in China.

Softstar, Userjoy Technology, Winking Entertainment, and Fun Yours Technology jointly set up Unistar Software Co., Ltd. in China, responsible for distribution channels.

2002

Softstar released Richman 6, Xuan Yuan Sword 4, Empire of Angels 3, and the Han Dynasty and Roman Empire.

Softstar and Square Enix set up a joint venture Square Enix Webstar Network Technology (Beijing) Co., Ltd.

Softstar launched its first online game: Xuan Yuan Sword Online.

Softstar merged with Webstar Inc.

Softstar cooperated with Nokia to launch mobile phone version of Richman and Mahjong for mobile phone users.

Softstar terminated the distribution of overseas stand-alone PC games.

Softstar increased capital to around NT\$338 million.

2003

Softstar was awarded the best game software developer in Taiwan by Game Star.

Softstar cooperated with First International Telecom to launch the first game for PHS (Personal Handy-phone System) subscribers.

Softstar launched its first WAP (Wireless Application Protocol) game.

Softstar and Square Enix set up a Shanghai branch office of Square Enix Webstar Network Technology (Beijing) Co., Ltd., in charge of mobile phone games in China.

Chinese Paladin 3 was awarded good digital content award by the Ministry of Economic Affairs.

2004

Softstar launched the first Chinese online RPG Java game Chinese Paladin Mobile.

Softstar activated GameCool mobile phone game website.

Softstar established in charge of causal games in China.

Softstar signed a distribution deal with Pixel Soft for Sword Online.

2005

Softstar was awarded by the Ministry of Economic Affairs and the Digital Content Industry Promotion and Development Office.

Softstar signed a distribution deal with Korean company Gravity Corp. for R.O.S.E. Online.

Softstar licensed Uncharted Waters Online from Japan KOEI.

Softstar and Square Enix Corp. dissolved the joint venture Square Enix Webstar Network Technology (Beijing) Co., Ltd.

Softstar established a wholly owned game company JoyPark.

Softstar licensed Free Online to Gamania (Japan) to tap overseas market.

2007

Softstar licensed Free Online to Indonesia, France, United Kingdom, Germany, Ireland, Spain, Italy, Luxemburg, Belgium, the Netherlands, Norway, Sweden, and Denmark.

Softstar licensed Richman Online and Chinese Paladin Online to China.

Softstar licensed Richman Online and Free Online to the United States.

Softstar licensed Richman Online to Southeast Asia, including Thailand, Vietnam, Singapore, and Malaysia.

2009

Chinese Paladin Online commercialized in China, Hong Kong, Macau, and Taiwan.

Softstar licensed side scrolling RPG Scar in the Sky Online to China.

A TV drama adopted from Chinese Paladin made its debut in Taiwan and China.

2010

Scar in the Sky Online commercialized in China.

Softstar distributed browser-based game Journey to the West in Taiwan, Hong Kong, and Macau.

2011

Softstar launched Flying PuPu iOS version, with over million downloads around the world.

Softstar launched Chinese Paladin 5 simultaneously in China and Taiwan, and sold over one million packages in total – the highest of stand-alone computer game so far in the Chinese game market.

2012

Softstar released Richman 4 Fun iOS version, ranking No.1 in paid apps in seven regions of the world.

Softstar released Chinese Paladin 5 iOS version, ranking No.1 in paid apps in 11 regions of the world.

TV drama Scar in the Sky made its debut in China.

2013

TV drama Scar in the Sky was broadcast in Taiwan.

Softstar released new Xuan Yuan Sword series in Taiwan.

Softstar released the prequel of Chinese Paladin 5 in China and Taiwan.

1.3 Facilities

Table 2 Softstar's Capacity, Shipment Volume and Value, 2010 – 2012

Unit: Gamer/Package/NT\$ Thousand

	2010			2011			2012		
	Capacity	Shipment Volume	Shipment Value	Capacity	Shipment Volume	Shipment Value	Capacity	Shipment Volume	Shipment Value
Stand-alone Game									
Online Game (1)									
Mobile Phone Game									
Licensing Fee									

Note 1: Gamers have to buy pre-paid value cards to access the online games. Money stored in the card will be deducted according to the gamer's play time online. Therefore, the capacity represents the maximum number of

gamers connected to the server per day; shipment volume represents the packages of pre-paid cards contract manufactured; shipment value represents the purchasing costs of pre-paid cards.

Note 2: The capacity varies according to sales.

Note 3: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013

1.4 Results of Operation

1.4.1 Income Statement, 1Q 2011 – 2Q 2013

Table 3 Income Statement, 1Q 2011 – 2Q 2013

Unit: NT\$ Million

	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Net Sales										
Cost of Goods Sold										
Gross Profit										
Operating Expenses										
Operating Income										

Note: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013



Note: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013

1.4.2 Non-Operating Statement, 1Q 2011 – 2Q 2013

Table 4 Non-Operating Statement, 1Q 2011 – 2Q 2013

Unit: NT\$ Million

	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Non-Operating Income										
Non-Operating Expense										

Net Non-Operating Income

Note 1: In compliance with IFRSs, figures of 2013 are estimated numbers.

Note 2: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013

Figure 2	Non-Operating Statement, 1Q 2011 – 2Q 2013

Note: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013

1.4.3 Revenue Share by Application, 2008 – 2012

Table 5 Revenue Share by Application, 2008 – 2012

	2008	2009	2010	2011	2012
Stand-alone PC Game					
Online Game					
Mobile Game					
Licensing Fee					

Source: Softstar, compiled by MIC, November 2013

Figure 3	Revenue Share by Application, 2008 – 2012
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Source: Softstar, compiled by MIC, November 2013

1.5 Investments

Table 6 Business Investment Profile, 4Q 2012

Company	Location	Main Business	Shareholding	Investor
Softstar international Inc.	British West Indies	General investment	100.00%	Softstar Entertainment Inc.
Softstar Technology (Beijing) Co., Ltd.	China	Information processing services	100.00%	Softstar international Inc.
Softstar Technology (Shanghai) Co., Ltd.	China	Software services	100.00%	Softstar international Inc.
JP Soft L.L.C.	United States	General investment	100.00%	Softstar international Inc.
Softstar Global Inc.	Mauritius	General investment	100.00%	Softstar international Inc.
Mauritius Webstar Inc.	Mauritius	General investment	100.00%	Softstar international Inc.
Unistar Software Co., Ltd.			100.00%	JP Soft L.L.C.
Softstar Mobile (Shanghai) Co., Ltd.	China	Development of computer hardware and network technologies	100.00%	Softstar Global Inc.
JoyPark (Beijing) Co., Ltd.	China	Development of network software and technology services	100.00%	Softstar Global Inc.
Square Enix Webstar Network Technology (Beijing) Co., Ltd.	China	General investment	40.00%	Mauritius Webstar Inc.

Source: Softstar, compiled by MIC, November 2013

1.6 R&D Resources & Patents

1.6.1 R&D Expenses, 2008 – 2012

Table 7 R&D Expenses, 2008 – 2012

Unit: NT\$ Million

	2008	2009	2010	2011	2012
R&D Expenses					
Share of Sales					

Source: Softstar, compiled by MIC, November 2013

Figure 4 R&D Expenses and Share of Sales, 2008 – 2012

Note: US\$1 = NT\$ 29.385

Source: Softstar, compiled by MIC, November 2013

1.6.2 R&D Employees, 2008 – 2012

Table 8 Employee Education Levels, 2008 – 2012

	2008	2009	2010	2011	2012
PhD					
Master					
Bachelor					
College/High School					
Others					

Source: Softstar, compiled by MIC, November 2013

Figure 5 Employee Education Levels, 2008 – 2012

Source: Softstar, compiled by MIC, November 2013

1.6.3 Number of Patents and Effective Regions, 2009 – 2013.8

Table 9 Number of Patents and Effective Regions, 2009 – 2013.8

	2009	2010	2011	2012	2013.8
Taiwan					
United States					
China					

Source: Softstar, compiled by MIC, November 2013

Figure 6	R&D Resources & Patents

Source: Softstar, compiled by MIC, November 2013

2. SWOT Analysis

2.1 Strengths

1. Expansion to Other Markets for More Business Opportunities
2. Abundant Experience from an Early Start in Mobile Games

2.2 Weaknesses

1. High Product Similarity and Development Costs
2. Needs to Adapt to Changes in Board of Directors

2.3 Opportunities

1. Cross-Strait Agreement on Trade in Services Facilitates Digital Game Companies' Foray into China
2. New Business Opportunities from Widespread Adoption of Smartphones and Mobile App Stores

2.4 Threats

1. Challenges from Saturation of Taiwanese Game Market
2. Business Threatened by Pirated Copies

SAMPLE

Appendix

Research Scope

The research covers the overall development of the major game developer Softstar Entertainment Inc., including its technology, production capacity, competitiveness, company information, and a SWOT analysis.

Business Type Definitions

ODM

ODM (Original Design Manufacturing) entails collaborative product design between manufacturer and customer, or product design autonomously undertaken by the manufacturer within parameters established by the customer.

EMS/CEM

EMS (Electronics Manufacturing Service) entails production and assembly within customer-specified parameters and according to product specifications designated by the customer.

SAMPLE

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