The Future of Web3 Gaming is Competitive

GLOBAL GAMING REPORT 2024

IN COLLABORATION WITH:

BGA BLOCKCHAIN GAME ALLIANCE

PlayToEarn

Foreword

As a leading web3 gaming protocol driven by passionate builders and gamers, Elympics has long been an advocate for web3 games. Yet, the industry has faced delays in realizing its full potential, with gameplay quality and collaborative ecosystems often overshadowed by speculation and financial pursuits. The web3 gaming has struggled to appeal to mainstream gamers, facing challenges in accessibility and engagement.

However, a significant shift is underway. The entry of infrastructure players like TON into the web3 gaming space is introducing powerful social distribution networks and highly engaged communities. At the same time, more developers are choosing to build within the web3 world, leading to the rise of higher-quality games that are gaining traction and popularity.

Research* conducted among almost 1000 players from all over the world highlights a consistent desire for competition, connection, and community.

Web3 gaming is now at a tipping point, equipped with the technology, infrastructure, talent, content needed for mass adoption, and most importantly, there is a growing interest from gamers eager to participate.

This report explores the evolution of web3 gaming and the exciting opportunities on the horizon. We are thrilled to be part of this journey and invite you to join us. The future of web3 gaming awaits.

Michał Dąbrowski, CEO Elympics

*The research is based on the data collected via the online survey "2024 Gaming Report: web3 player survey", conducted on 7-10 September 2024 among 928 respondents from all over the world.

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Quoted web3 thought-leaders

Yat Siu
Chairman of the Board
of Animoca Brands

Inal Kardan
Partner at TON
Ventures

Sebastien Borget
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Stan Fiedor
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The report was prepared by Elympics in collaboration with Blockchain Game Alliance and PlayToEarn.

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Elympics is the world's first skill gaming infrastructure, empowering game studios to rapidly develop and publish competitive web3 games weeks. By leveraging blockchain-based monetization through PvP and leaderboard challenges, Elympics is transforming the future of competitive gaming.

Elympics empowers both players and developers with an accessible, transparent, and verifiable decentralized environment. Elympics' SDK and Telegram integration helps connect 1.5 million+ Unity game developers and the 900 million monthly active Telegram users, offering developers the opportunity to monetize their existing games by seamlessly launching them on Telegram.

BGA BLOCKCHAIN GAME ALLIANCE

The Blockchain Game Alliance is an organization committed to promoting blockchain within the game industry. Their goal is to spread awareness about blockchain technologies and encourage adoption by highlighting their potential to foster new ways to create, publish, play, and build strong communities around games.

◈ PlayToEarn

PlayToEarn is the go-to site for staying up to date with the latest news, trends, and announcements from the world of web3 gaming. PlayToEarn also maintains a list of blockchain games – including game overviews, links to websites, social media channels, and PlayToEarn Score. The PlayToEarn Score is a homemade metric, utilizing data gathered from the site and various social channels to let you know which games are currently trending. In addition, PlayToEarn offers YouTube reviews, Twitch streams, an active Discord, and even community tournaments for web3 games.

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Introduction

In recent years, the gaming industry has experienced a transformative shift with the rise of blockchain technology. This innovation has paved the way for a new generation of blockchain games, which seek to replicate and, in some cases, surpass the experiences offered by traditional gaming and its mobile branch.

The new iteration of blockchain-based games leverages the unique advantages of the technology, such as decentralized identity, verifiable results, superb security with true ownership of resources, and novel economic models allowing players to finally monetize their game mastery.

"Our research shows that with the entry of social platforms such as Telegram into the Web3 world and the skill games growth with community-driven money competitions, we are seeing the start of mass adoption by players around worldwide. Gamers enjoy winning through competition so we build games meeting this need. We believe blockchain gaming will create a more competitive and rewarding ecosystem, transforming mobile gaming from mere entertainment into a dynamic part of our digital lives."

Tom Kopera, COO at Elympics

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All of this stands in stark contrast to the first wave of blockchain gaming which as we all know encountered significant challenges including poor game design, misaligned incentives, or deeply flawed in-game economies. That said, current skepticism towards blockchain-based games is a consequence of past mistakes, which are now being addressed, leading to the new era in web3 gaming.

In this report, we aim to delve into the nuances of blockchain gaming, exploring why its development remains not only relevant but crucial for the future of the gaming industry, especially including the mobile gaming market. We will provide a comprehensive historical context of the evolution of gaming with its key aspects, address the pressing issues that current blockchain games face, and analyze the mistakes made during the first wave of blockchain gaming.

Additionally, we will present our thesis on how properly designed monetization mechanisms and overall support of developers can catalyze positive change within the blockchain gaming ecosystem. By drawing lessons from the past and proposing solutions for the future, we hope to uncover a path forward for blockchain gaming that prioritizes sustainable growth, player engagement, and the return of competitive spirit.

Blockchain gaming will create a more competitive and rewarding ecosystem, transforming mobile gaming from mere entertainment into a dynamic part of our digital lives.
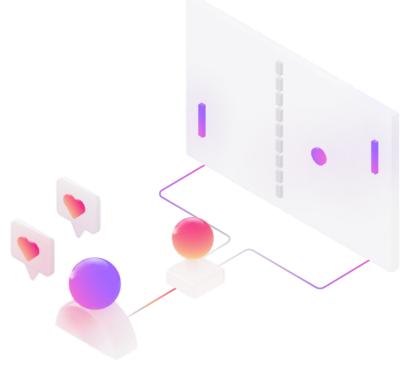
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Games as the New Source of Entertainment

The Evolution of Gaming

In the entire history of entertainment, few things have evolved as dramatically as gaming. While the core principles remain consistent, nearly everything else has undergone substantial transformations in the recent decades, making the gaming industry the number one industry in terms of entertainment surpassing giants like movies or TV series.

What began as a simple pastime has grown into a global phenomenon, and this transformation is nowhere more evident than in competitive gaming, where state-of-the-art technology intersects with shifts in societal dynamics filling the entire stadiums with crowds cheering for their favorite teams and players. Let's take a quick look at how it all began, to understand the speed at which the iterations and revolutions in the gaming industry are taking place.

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In 1967/68, the Brown Box, created by Ralph Baeran, came into existence as the innovative concept for a video game that introduced the opportunity to play games from homes rather than in crowded places, leading to the later release of the Magnavox Odyssey in 1972.

Following the introduction of Atari in 1985, the well-known Nintendo Entertainment System (NES) reshaped the entire industry by introducing relatively cheap consoles with unforgettable titles and series that continue to be held in high regard to this day, including Super Mario Bros, The Legend of Zelda, and Final Fantasy. These series, originating in the late '80s, have evolved into multi billion-dollar franchises cherished not only by gaming enthusiasts, but a wide array of pop culture lovers.
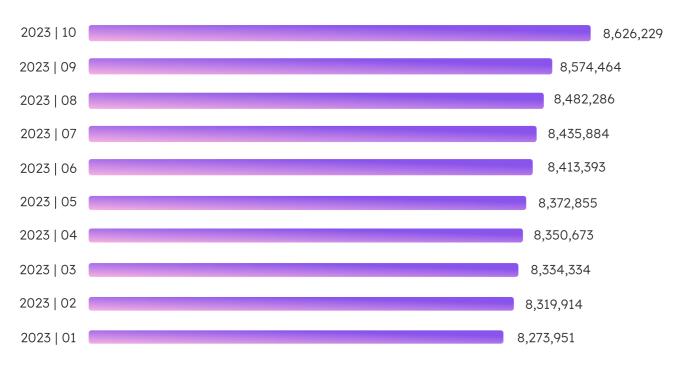
The new millennium marked the dawn of a new era in gaming development. After a series of tough discussions, in 1994, PlayStation burst onto the scene, followed by Microsoft's entry into the industry with the Xbox in 2001, and the introduction of Steam in 2003, with every of these events becoming a major milestone in gaming history.
Over time, the success of titles like Halo and the Grand Theft Auto series ignited the imagination of game studios and ushered in the era of high-budget games.

However, as these games started to flood the market, players started to feel increasingly isolated, especially considering the fact that digital social networks were not as present as they are today. The once community-driven essence of gaming had transformed, and players began to be viewed more as 'consumers of culture' rather than 'individuals driven by competitiveness.' Questions arose, and some players came to realize that they had become detached consumers rather than active members of a gaming community.

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In response, the gaming industry began to refocus its efforts on meeting players' authentic desires, rather than assuming what they needed and flooding the market with titles only few people wanted to play, just as it was the case in 1983. Games focused on multiplayer cooperation and competition like World of Warcraft gained popularity as players yearned for interaction with their peers and sought connections with like-minded individuals who shared their interests.

However, this was just the beginning of a broader movement. Around 2010, the concept of esports as the ultimate form of competitive gaming started to gain traction and multiplayer games such as DOTA 2, League of Legends, or Counter-Strike attracted a surge of players who craved a competitive experience.

WORLD OF WARCRAFT STATS

8.5M monthly players in 2023

2023 | 10	8,626,229
2023 | 09	8,574,464
2023 | 08	8,482,286
2023 | 07	8,435,884
2023 | 06	8,413,393
2023 | 05	8,372,855
2023 | 04	8,350,673
2023 | 03	8,334,334
2023 | 02	8,319,914
2023 | 01	8,273,951

Source: ActivePlayer | World of Warcraft Live Viewer Count & Statistics (2024)

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E-SPORTS STATS

Total Viewers

Source: Statista | Global eSports audience size by viewer type 2025

As the gaming landscape continued to evolve, the rise of mobile gaming emerged as one of the most significant shifts in the industry. With the proliferation of smartphones and tablets, gaming became more accessible than ever before, leading to the rise of various casual and hyper-casual games. Unlike traditional gaming, which often required dedicated consoles or PCs, mobile games offered quick, easy-to-play experiences that could be enjoyed anywhere, anytime, be it on the commute, in the waiting room, or during a coffee break.

Titles like Angry Birds, Candy Crush Saga, and Clash of Clans became household names, attracting millions of players worldwide. These games, designed for short, engaging sessions, appealed to a broad audience, including many who had never considered themselves gamers, which is especially visible in the player's demographic of games like Candy Crush Saga. Hyper-casual games, characterized by their simplicity and instant gratification, further expanded the market by lowering the barrier to entry, making gaming a ubiquitous part of everyday life.

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This shift towards mobile gaming has not only diversified the player base but also redefined what gaming can be, transforming it into a universal pastime that fits seamlessly into the modern lifestyle. However, there is more to mobile gaming than meets the eye, and despite huge popularity, there are still ways in which mobile gaming can be vastly improved, attracting new players and helping retain those who are already here.

Mobile gaming has made gaming more accessible than ever before, attracting millions worldwide.
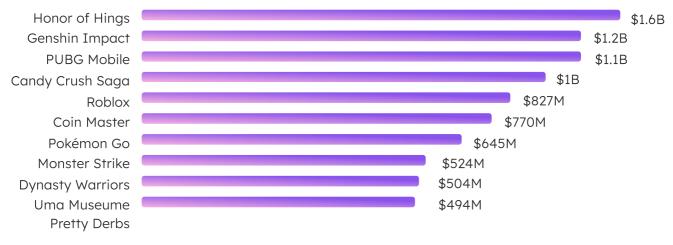
PAY-TO-WIN

Top Mobile Game Genres by IAP Spend in the US

PAY-TO-WIN

Top Mobile Games by Revenue

Game	Revenue
Honor of Hings	$1.6B
Genshin Impact	$1.2B
PUBG Mobile	$1.1B
Candy Crush Saga	$1B
Roblox	$827M
Coin Master	$770M
Pokémon Go	$645M
Monster Strike	$524M
Dynasty Warriors	$504M
Uma Museume Pretty Derbs	$494M

Source: Udonis | 200+ Mobile Games Statistics: Market & Revenue Report [2024]

Arising Hurdles

The growth of competitive gaming marked a major milestone for the entire gaming industry as it introduced a new form of entertainment. However, there were also significant disadvantages that found their way into multiple areas. The following section will focus on identifying and describing issues closely connected with the growth of the gaming industry and the problems it is currently facing. The issues we cover include: Social Dynamics, Competitive Spirit Atrophy, Pay-to-Win Mechanisms, Monetization.

Social Dynamics

Early games focused on providing entertainment for both single-player sessions and multiplayer sessions where cooperation would take place between players sitting next to each other. However, most modern games are dedicated either to single-player gameplay or multiplayer gameplay that provides no meaningful human interaction. This state of affairs leads to player isolation, which, in turn, hinders the ability to form social bonds and engage in human interactions.

Core principle of new web3 games states 'Gaming is a social activity.'

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Competitive Spirit Atrophy

Alongside the lack of human interaction, there is an ongoing trend of competitive spirit atrophy caused by single-player gameplays where the cost of each repetition is, in most cases, just a waste of time or in-game resources that can be easily regained. To put it simply, there is no incentive to compete in a given title as the only opponent we face is the AI, and the only resources we lose are in-game resources with no real-world value which stands in contrast to the old days of arcade gaming where every new game came with a small cost of e.g. 25 cents.

While it can provide players with entertaining gameplay, it does not include the vital aspect of human competitiveness that's inscribed into our nature. The times of arcade gaming or multiplayer console titles where both players sat next to each other are rare these days.

Competitive gaming fills stadiums with crowds, but it's just the beginning of the ongoing shift.

Pay-to-Win Mechanisms

There is one thing that multiplayer games, especially mobile titles, often struggle with, and it severely limits their devoted player base - Pay-to-Win mechanisms. Buying items that only enhance the external appearance of in-game items or maps is very common, as it aligns with the trend of personalizing the player experience. However, if purchased items can alter the game itself, it significantly impacts the in-game mechanics and the potential player base.

The issue with Pay-to-Win mechanisms is that they are often not directly presented to the player, creating the illusion that players can gain an advantage solely through proper strategy and skill.

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While this is often true in the early to mid-stages of the game, when a player becomes deeply emotionally invested in the title, it becomes clear that further advantages can only be sustained by purchasing in-game boosts. This leaves the player with two choices: either purchase in-game boosts or abandon the game as further progress becomes futile.

Pay-to-win mechanisms limit multiplayer games by undermining competitiveness and player base loyalty.

Monetization

The success of the esports industry underscores the significance of competitive gaming in today's world. The esports industry often prioritizes professionalism over enjoyment, leading to a situation in which only players who reach a world-class level of skill can monetize their dedication and abilities. But what about the remaining 99% of players who aspire to climb the ladder of mastery and monetize their skills?

Several attempts have been made to help players monetize their gaming expertise, ranging from offering coaching services to creating reward systems like FACEIT. However, these initiatives are at best limited to a handful of titles, leaving lots of room for improvement from both players and developers, just as it is the case in mobile gaming.

Blockchain gaming expands monetization possibilities. Now, every meaningful action can be rewarded.

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Blockchain Meets Gaming

Digitizing Social Contract

In the previous sections, we explored the gradual shift of society towards digitalization, resulting in increased engagement with digital forms of entertainment. However, this digital transformation has given rise to a relatively new phenomenon. As society relies more on platforms like Uber, Fiverr, or Airbnb, significant changes are occurring in the realm of social contracts that form the foundation of human interactions.

Suddenly, we find ourselves entrusting strangers to drive us home and outsourcing tasks to freelancers we've never met, which is something unimaginable to an average person from a couple decades ago. This redefinition of social contract due to digital advancements isn't limited to the realm of just service delivery.

The gaming industry mirrors the advancements of the digital shift in society. Digital reality we spend most of our lives in, be it social media, work-related tasks, or entertainment is becoming a microcosm that not only reflects but also anticipates the overarching patterns of social behaviors and needs, one of which is the increasingly relevant need for meaningful competition.

One of the most popular online games, CS:GO, has placed a high premium on intense rivalry between individual players, capturing the core essence of gaming: competitiveness. In this realm, victory is one-dimensional, i.e. every winner is accompanied by a loser. Over time, games started to nurture the spirit of competition based on well-established social contracts, but soon we witnessed unexpected issues that arose due to the transition of real-world social contracts into the digital world.
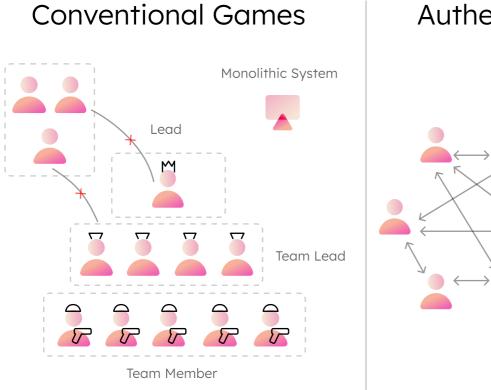
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In other words, as digital progress pushed gaming forward, players still had to rely on social contracts in areas not covered by centralized game providers. This created a disparity, as gaming worlds struggled to replicate the authentic, multi-level relationships found in everyday society.

This is where blockchain technology, with its programmable smart contracts, enters the scene. The future of social contracts in digital environments must emulate the rules of modern society, where malicious behaviors are penalized and restricted by law, rather than relying solely on social agreements originating from real-world experiences and rules.

Smart Contracts are the new Social Contracts in the world of future gaming.

SOCIAL CONTRACT

Conventional Games

Monolithic System

Lead

Team Lead

Team Member

Authentic World

Law

Police

Court

Contract

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Player's Perspective

Verifiable Reputation

While some esports titles offer services to check a player's history and in-game reputation, these services are limited to a handful of games and most of them are created by external developers. What's more, even if players wish to investigate this data independently, it is often impossible because centralized entities behind the title store the data.

In contrast, in blockchain gaming, everything that matters is stored on the blockchain, enabling every player to verify their opponent's history and reputation as well as any other relevant piece of data. Whether it is game history, in-game assets, achievements, historical stats, all of those can be safely stored blockchain and made available to everyone to verify or take a look creating the perfect example of the relevance of blockchain identity.

Verifiable Gameplay

In addition to verifying a player's reputation, blockchain technology enables seamless verification of gameplay. Technologies like In-Game Oracles used by Elympics, act as impartial arbiters, empowering players to verify specific gameplay instances if they suspect foul play or cheating despite existing security measures. Unlike the isolated data of centralized games where players have to rely on a centralized entity's decisions, in blockchain gaming, players can verify key inputs made by others to ensure that game results are fair, and winners are chosen solely by their skill demonstrated during gameplay.

Secure and Fair Environment

Furthermore, blockchain gaming offers a secure and fair environment due to several key factors. Smart contracts, with their programmable nature, ensure the proper flow of rewards and prevent dishonest actions like withdrawing funds after losing the game but just before reward settlements.
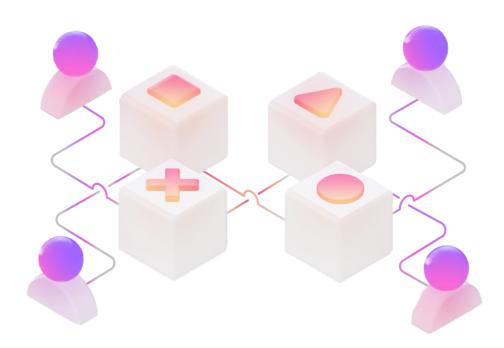
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Additionally, the open-source nature of the data allows for the creation of a self-reinforcing reputation system creating a crystal clear picture of who we're dealing with in the game. This way, the system guarantees players a superior experience by reducing instances of cheating and toxicity that unfortunately can often be found in traditional competitive gaming.

📊 Improved Value Accrual

Expanding the opportunities for various forms of monetization enhances value accrual for all participants, including players, creators, developers, and the game itself. This approach not only attracts more users but also boosts the game's popularity by incentivizing all parties involved to release a high-end title that will capture the needs of potential players. Moreover, cross-chain interoperability enables targeting players from various ecosystems rather than relying on a single blockchain, steadily increasing the potential user base over time.

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"The concept of true ownership of in-game assets revolutionizes the entire gaming economy. It not only enables private ownership but also introduces a secondary market, a feature often lacking in traditional competitive titles. Consider skins in Fortnite or League of Legends, where there is typically no legitimate way to sell or trade these items outside of selling the entire account via unofficial channels. The introduction of a secondary market addresses this limitation, providing players with the flexibility to sell or trade rewards and previous purchases if they so desire."

Yat Siu, Chairman of the Board of Animoca Brands

Secure Payment Infrastructure

One of the primary concerns associated with blockchain gaming is the fear of losing one's funds. However, with a robust infrastructure and thoroughly tested smart contracts, players can now engage with confidence, knowing that their assets are secure throughout the entire process. In the case of Elympics, the assets can either be held in a player's personal wallet and only transferred to a winning party after the game's settlement or stored within a designated entity for the time of the game, similar to a personal account within the game.

Additionally, the ongoing standardization and adoption of major stablecoins like USDC or USDT create another layer of security as players begin to perceive the assets they use as reliable digital versions of dollars no different than the ones in their bank accounts.

Developer's Perspective

Next-Level Monetization

From a developer's perspective, monetizing a game can be challenging, especially when the game follows the Free-to-Play model and only a small percentage of users are willing to make in-game purchases. However, in the realm of blockchain gaming, the monetization possibilities are more extensive due to the freedom to implement various monetization mechanisms that are either impossible or hard to implement in traditional mobile gaming.

This includes generating revenue through in-game item purchases, introducing royalties to earn a small percentage from every asset traded on the secondary market, or even embracing an arcade-style model where each gameplay session carries a fixed cost, but also a possibility of winning money prizes.

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The key aspect of implementing new mechanics focused on monetization is that there is no core need for new game design. Developers can apply monetization mechanisms to their well-known games that have been gathering audiences for many years.

Freedom of Incentives

Blockchain gaming also provides developers and creators with greater freedom to design unique incentives compared to traditional games, where this area is often constrained for various reasons. For instance, developers can introduce in-game rewards that can be easily converted into fiat currency, introduce money competition between players or reward them with items they can freely sell on the secondary market. These are just some of the examples, but the potential for innovative incentives is virtually limitless, constrained only by developers' creativity.

Low Cost of Experimentation

The needs of blockchain gaming differ from other areas connected with blockchain technology. One of the primary needs in game development is the fast pace of iteration while solving problems to create a short feedback loop, as well as the low cost of experimentation using both testnet and mainnet blockchains.

One of the examples is various optimization solutions aiming to either lower the cost of gas used for single transactions or eliminate gas usage entirely by creating solutions where the number of transactions needed is minimized. In other words, while experimentation in the first wave of web3 gaming was quite costly, today this limitation is almost non-existent, opening doors to creative ideas being transferred to the real world.

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Composability and Interoperability

Creating games for a dedicated platform or ecosystem severely limits the Total Addressable Market (TAM). A similar scenario can be found in blockchain gaming, where many games are restricted to a particular ecosystem, severely limiting the potential user base. However, this is not the only issue. Developers also have to bet on the longevity and success of not only their game but the entire ecosystem. If the ecosystem fails, all the projects built upon it suffer, go extinct, or have to move on to the other ecosystem which is not easy nor is it cheap.

Yet, with blockchain interoperability, developers can address this issue by introducing cross-chain (cross-ecosystem) availability. This not only extends the Total Addressable Market (TAM) but also mitigates the risk of relying on the success of a single blockchain.

Secure Environment

One issue that holds back some game developers is the fear of releasing a game that will turn out to bring its players issues related to cheating, stealing funds, or other forms of exploitation. This problem is addressed by introducing battle-tested standards, making it as secure and seamless to build games with blockchain tech stack as it is to create traditional games for centralized game publishers.

Following the path of Elympics building web3 games is a child's play thanks to open-sourcing ready-to-use frameworks, SDKs, and entire libraries of verified smart contracts that provide creators with standardized tools to use while creating a game from scratch.

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The Next Wave of Blockchain Gaming

The First Wave of Blockchain Gaming

The first wave of blockchain gaming was led by Sky Mavis and its creation - Axie Infinity. While the game itself gathered an amount of hype no one seems to have predicted, the popularity turned out to be a double-edged sword, exposing all the problems and misaligned incentives most blockchain games struggled with at that time.

"Play to Earn has been happening for years before blockchain gaming in web 2 grey market economies like World of Warcraft, Runescape, Diablo, CS:GO, and other titles with several issues that can actually be not just legitimized, but supercharged with blockchain. It was never about the short term gains, the P2E Guilds, or the Axies.The best web 3 founders understand this and are building great games that beyond a token or NFTs, have fully integrated game economies that scale and can be balanced in real time as the game progresses".

Nicolas Cortes, General Partner at GGs

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The first and most important point is that blockchain gaming in 2021 was a novelty in the world of crypto which attracted a significant amount of hype and speculative capital. While Axie Infinity was just one game representing the genre called Play-to-Earn, the industry witnessed numerous iterations of games based on the mechanism, and even the iterations of the mechanism itself. What started as Play-to-Earn soon shifted into Play-and-Earn, and when the new form did not satisfy the audience, Move-to-Earn entered the scene and captivated the audience for a little while.

That said, it is vital to analyze and learn the lessons stemming from the mistakes made by the first wave of blockchain gaming. This analysis will allow to identify the core concepts, major mistakes, misaligned incentives, and create games that will elevate the quality of web3 gaming to levels not seen before. All with the help of revolutionary projects like Elympics, Telegram with its TON ecosystem, and many more.

P2E $\longrightarrow$ P&E $\longrightarrow$ Move-to-Earn $\longrightarrow$?

revealed soon

The first wave of blockchain gaming faced challenges like poor design and flawed economies.

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Lessons From the Past

The first and foremost important aspect is the creation of an in-game economy which, in the case of the first instance of web 3 gaming, was designed and implemented based on models widely known in the crypto industry. This decision led to implementing tokenization as the primary incentive to play the game, and the easiest form of generating revenue via the increase in the price of the main token. The introduction of widely known crypto-economic models, which are oftentimes exploitative by design, was a major obstacle in creating healthy in-game economies that would last long-term.

To make the idea of misaligned tokenizing in-game assets more vivid, it would be wise to take a look at a well known concept of soft and hard currency in gaming. This mechanic reflects a scenario in which game developers implement a dual-currency system where one currency can be earned within the game, while the other must be bought with real money or earned in small quantities at major game milestones, albeit rarely.

This results in players facing an in-game economy based on both soft currency, which depreciates over time due to inflation, and hard currency obtained with real-world currency. Although currency conversion is possible, it is typically limited to exchanging hard currency for soft currency, never the reverse.

As a consequence, over time, both the resources and in-game items of web3 games began to inflate either in price or in number, driven by pure financial speculation from market participants who did not care about the game. The result is that a small number of individuals truly interested in the gameplay were left alone because of the opportunistic nature of value extraction and speculation behaviors driven by the misalignment of incentives.

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The next lesson is closely connected with the first one as it relates to the inflow of mercenary capital with its sole purpose being to extract as much value as possible and move on to the next prey. Having concluded that misaligned incentives and irresponsible economies are the core issues attracting speculation, we believe that the vast majority of users of the first web 3 gaming wave were mercenary in nature, which only further exacerbated the backlash from the traditional gaming world along the way. It is not only detrimental to the game itself, but is also an immensely negative situation for genuine players and creators willing to take an active part in creating the next step in gaming history.

While we do not believe that gaming guilds are per se mercenary in nature, we do believe that because of the reasons listed prior, guilds became the hubs for mercenary capital, only strengthening the notion of value extraction. Having said that, the vision of gaming guilds is not inherently linked to value extraction as it is only the result of misaligned incentives. Therefore, we believe that guilds serve the purpose of enhancing the incentives that are present in the given gaming economies, leading to the conclusion that the introduction of proper game incentives and healthy in-game economies will result in a positive feedback loop with gaming guilds or similar structures built upon the social contract as the central hubs of blossoming ecosystems.

Taking a look at blockchain games like Axie Infinity, DeFi Kingdoms, or STEPN, we can clearly see mechanisms where financial input can alter the final results. In Axie Infinity, it was often found in purchasing more expensive creatures; in DeFi Kingdoms, players could have purchased more attractive lands, and in STEPN, it all came down to having the sneakers with the best boosts which were far more expensive than the average ones.

The hidden Pay-to-Win mechanisms became a standard no one seemed to oppose as it turned out to be quite profitable to the mercenary capital.

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However, Pay-to-Win mechanisms effectively hindered organic competition, as the only form of competition was linked to financial gains, treating the game itself as just another form of playing the game of markets.

The result of this was creating an environment that, instead of being welcoming to players who strived for competition and the exploration of new gaming niches, became seen as extremely focused on value extraction and hostile towards those looking for entertainment. Instead of exploring the new venue of gaming, players found themselves surrounded by market games played by seasoned mercenaries.

Blockchain technology introduces new economic models that allow players to monetize their game mastery.

Mercenary
Capital

Value
Extraction

Token
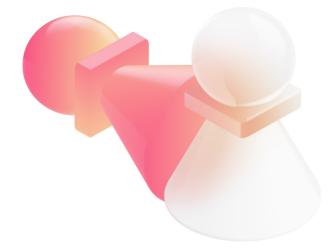Infaltion

Mercenary Capital
Competition

Revival of Blockchain Gaming

Applying the Lessons Learned

"Easy to learn, hard to master" – is the core concept of every highly successful game based on competition, with the most significant example being chess. The game of chess is extremely easy to learn as you only have to remember a couple of different moves the figures are allowed to make; however, mastering the game is an endless journey as you can always improve, and there is no limit as to how good one can become. Following the example from the gaming world we might take a look at the major esports titles where mastering the skill is the only way to defeat the opponent and win the game.

After all, one can say that mastering a given esports title is akin to mastering the game of chess – it is an endless journey.

Easy to learn
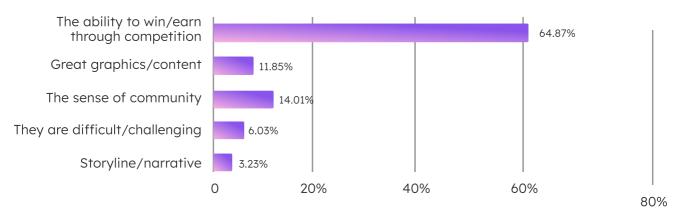## Hard to master

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The incentive mechanism, based purely on skill-based model, creates an environment where new web3 gaming projects can introduce monetization mechanisms that have nothing to do with economic models found in the first wave of web3 gaming projects that were skewed towards mercenary value extraction.

In essence, the competitive nature of modern web3 games is shaped by the monetization model revolving exclusively around skill-based mechanisms, resembling the world of traditional sports competition where game mastery is the only way to win. It is the meaningful competition based on skill that shaped the success of traditional sports we know today, sports that have been here for hundreds of years, and that is why it should be the source of inspiration for developers building the future of blockchain gaming.

The emphasis on competition-driven gameplay is strongly supported by Elympics' survey data, which reveals that over 64.87% of gamers find the most enjoyable aspect of gaming to be the thrill of winning and/or earning rewards through competition. Additionally, 14% of gamers highlighted the importance of community, underscoring how crucial social connections are within the gaming experience.

GAMING EXPERIENCE

Thinking about games you play most often, what do you most enjoy about them?

The ability to win/earn through competition — 64.87%
Great graphics/content — 11.85%
The sense of community — 14.01%
They are difficult/challenging — 6.03%
Storyline/narrative — 3.23%

Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024

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It is also worth noting that 64.22% of respondents indicated that sports-related games are their most frequently played genre, aligning closely with the 41.49% who cited competitive games as their preference. This paints a clear picture: players are drawn to games that not only offer competitive elements but also mirror the challenges of sports, following the principle of being "easy to learn, hard to master."

BLOCKCHAIN GAMING

What type of games do you play most often?

Genre	Percentage
Competitive	41.49%
Strategic	78.99%
Logic	18.97%
RPG	5.93%
MMORPG	2.37%
Sports	64.22%
Simulator	6.68%
Action/Adventure	20.91%

Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024

The core principle of most multiplayer games we play today is that they are not zero-sum games; for every winner, there is a loser. However, because there are no financial assets involved in the game, both sides can be rewarded to keep them engaged which is often done in the form of in-game currency, experience points, items, etc. However, the shift in competitive gaming that we are slowly witnessing is the introduction of mechanisms that allow us to maximize the potential of zero-sum game design combined with skill-based mechanisms.
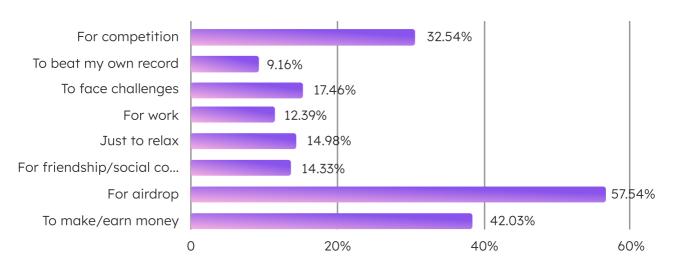
This way, winning a game doesn't just add some numbers on the scoreboard, but instead becomes a victory that rewards the player's skillset with real world money in the form of e.g. stablecoins. By encouraging meaningful competition and giving a reason to master the game, players engage more deeply with competitive games, and incentives align perfectly with both players and game creators.

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These motivations are highlighted by the responses from survey participants, where the most common reason to engage with web3 games is to make money. This can occur in various forms, such as receiving airdrops (57.54%), or through the broader concept of earning income (42.03%). Additionally, competition remains a strong driving force, with 32.54% of respondents citing it as a key reason they play. Not only does competition fuel engagement, but it is also one of the primary avenues through which players can monetize their skills in environments that offer such opportunities.

Other notable factors include facing challenges (17.46%), relaxing (14.98%), and forming friendships or social connections (14.33%). Although less prevalent, some players are motivated by work-related reasons (12.39%) or the desire to beat their own records (9.16%), while a smaller percentage seeks adrenaline-filled experiences (8.94%).

PAY-TO-WIN

Why do you play games?

Category	Percentage
For competition	32.54%
To beat my own record	9.16%
To face challenges	17.46%
For work	12.39%
Just to relax	14.98%
For friendship/social co...	14.33%
For airdrop	57.54%
To make/earn money	42.03%

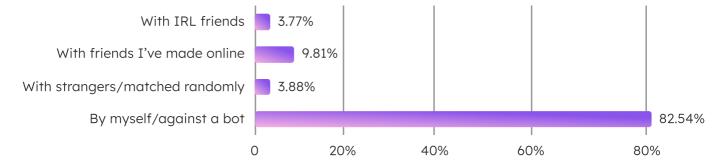Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024

The example of introducing the new standard in competitive gaming is the Elympics' monetization model that allocates a small percentage of each prize pool funded by players directly to the developer's wallet. On one hand, the higher the skill, the higher the chance for the player to win the prize pool, on the other, the more popular the game, the more revenue the developer earns. This model incentivizes developers to create high-quality, competitive games that attract and retain players.

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According to the survey, a significant portion of gamers - 82.54%, stated that they primarily play games alone or against bots, with only 9.81% choosing to play with online friends. This highlights the vast opportunity and the need for improvement in creating pathways for players who desire to engage in high-quality, skill-based competition with others but are unable to do so due to various barriers. Bridging this gap could unlock tremendous potential for more dynamic and connected gaming experiences which is exactly what Elympics and other web3 gaming platforms are here to help with.

BLOCKCHAIN GAMING

Who do you most often play online games with?

Category	Percentage
With IRL friends	3.77%
With friends I've made online	9.81%
With strangers/matched randomly	3.88%
By myself/against a bot	82.54%

Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024

The long-term growth thesis for blockchain games is finally being introduced after a long period of value-extracting mechanisms that hurt not only players seeking competitive titles but also developers who were forced to create games based on the mechanisms widely used in the first iteration of web3 gaming. Now, developers are incentivized to create titles with a highly competitive environment as a small percentage of every prize pool created is sent directly to the developer's wallet. This way, every match brings revenue to the creators whose sole goal is to make games where players would love to spend time while engaging in meaningful competition.

According to the survey, nearly half (49.68%) of respondents spend money on game keys or platform subscriptions required to play, commonly referred to as "season passes" in traditional web2 gaming. In addition, 31.47% reported investing in various forms of NFTs, highlighting the growing influence of web3 and blockchain-based assets in gaming.

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„In Web3 Games, Blockchain decentralizes the ownership, turning players into investors of time and money into their beloved games."
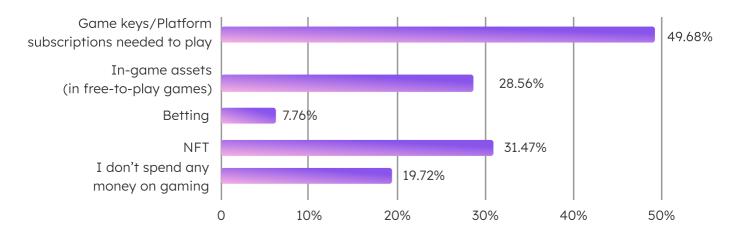
Stan Fiedor, General Manager Europe at Wemix

Another significant portion (25.56%) of players buy in-game assets for free-to-play games, a trend seen across both web2 and web3 ecosystems. Betting is a less common method, with 7.76% of respondents engaging in this activity. Interestingly, 19.72% of players stated that they don't spend any money on gaming, suggesting that a minority of users prefer free gaming experiences or are hesitant to invest financially for various reasons.

PAY-TO-WIN

In which ways do you invest/spend money on gaming?

Category	Percentage
Game keys/Platform subscriptions needed to play	49.68%
In-game assets (in free-to-play games)	28.56%
Betting	7.76%
NFT	31.47%
I don't spend any money on gaming	19.72%

Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024

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Another key aspect of improvement in creating new web3 games is the aspect of the security and fairness of the environment players are joining and exploring.
The paramount significance in any competitive environment is the fairness of the results and the implementation of various anti-cheating measures, which are widely known in both traditional and digital forms of competitive sports.

This is where the true nature of blockchain technology shines by ensuring world-class measures for detecting, verifying, and securely enforcing rules by which games shall be played in an environment where an advantage over other players can only be gained by skill mastery.

Solutions provided by Elympics aim to bring esports-level security into blockchain gaming with the use of a blockchain tech stack, resulting in a high-level security infrastructure. A perfect example of this is the implementation of In-Game Oracles, which verify all player inputs in real-time, ensuring that all the provided inputs are not maliciously altered by running bots or any other form of cheating, as has been the case with recent games produced by well-known web3 brands.

The system of In-Game Oracles introduces an impartial arbiter into the system to ensure the fairness of real-time gameplay. However, if players feel the final result is not fair due to malicious behavior by one party, the dispute can be easily settled thanks to the publicly available Proof of Game stored blockchain. This, in turn, not only allows players to verify the final result but also verifies all the inputs provided during the match.

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Let's summarize all the key aspects of the improvements being implemented by the leading projects in the web3 gaming today.

- Improving the gaming experience for players, making gameplay intrinsically rewarding by focusing on quality competition and not on pointless vanilla gameplay as was often the case in past web3 gaming iterations.

- Focusing on developing games that not only entertain but also provide financial returns in a fair way, which in itself is a zero-to-one revolution in the gaming field.

- The protocol amplifies shared benefits for all engaged parties, creating a model where everyone's contributions are valued, improving the area that has always been neglected and as a result favored one side over the other.

- Implementing commissions on every gameplay, ensuring ongoing rewards for continual engagement and support that go straight to developer wallets.

- This comprehensive approach not only aligns with the ethos of equitable distribution but also pushes the entire ecosystem towards sustainable growth despite market downturns and enhances user satisfaction with games and competitions that last.

In a world where esports is gaining popularity, and professional gamers are world-renowned celebrities, monetizing the craft of gaming allows skillful players to turn their passion into a viable career path, even without reaching the main stages of the esports world. The shift we are witnessing and creating with blockchain technology slowly blurs the lines between gaming and real-world success, making it possible for skilled players to create a stream of income based on their devotion to and mastery of a game.

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"There is yet untapped potential in Competitive games. Not only Blockchain adds more transparency and trust for the winners of eSports tournaments to ensure they receive their prizes, but we also see ways for all participants, spectators included, to be part of the value chain, through social tokens, players tipping or even live predictions - these are new business models emerging."

Sebastien BORGET, COO & Co-Founder of The Sandbox and President of the Blockchain Game Alliance

TON and Telegram

As we move further into 2024, it's becoming increasingly clear that the landscape of blockchain gaming we were familiar with during the 2020-2021 period is now a thing of the past. There's no turning back, except for a few games that are sticking to the old rules and, as a result, are doomed to repeat the same mistakes and share the same outcome.

Telegram, already the third largest messaging app only behind Messenger and WeChat, holds a unique position in pursuing web3 development not only in the area of blockchain gaming. Unlike Meta (formerly Facebook), which heavily relies on its Messenger and personalized ads on Facebook, Telegram prioritizes user privacy by avoiding serving users with any form of ads, meaning there is no revenue from users' data being sold to third parties.

This high standard of ethics pushes Telegram to find other avenues of capital flows and blockchain integration seems to be the perfect way to monetize the messaging platform while keeping users happy and safe. Historically, platforms like Discord have shown that 95% of their users engage in some form of gaming. Similarly, Zynga's Farmville on Facebook reached 10 million monthly active users within just two months, and WeChat's mini-apps saw over 7,000 mini-games registered within a year of their introduction in 2017.

Telegram's blockchain ecosystem called TON leverages this social aspect to not only repeat the success of WeChat and Facebook, but become the single greatest web3 gaming platform that is a go-to place for anyone willing to spend time on casual games or competitive titles where one can earn both respect by climbing the leaderboard, and rewards, by becoming the best.

The success of Telegram as a gaming platform is already evident in the data, with 53.56% of players choosing it as their preferred platform for playing mobile games. This highlights Telegram's growing influence in the gaming space and its ability to attract a large, engaged player base. Moreover, 78.77% of respondents reported playing games daily, while 15.19% indicated they play a few days a week.
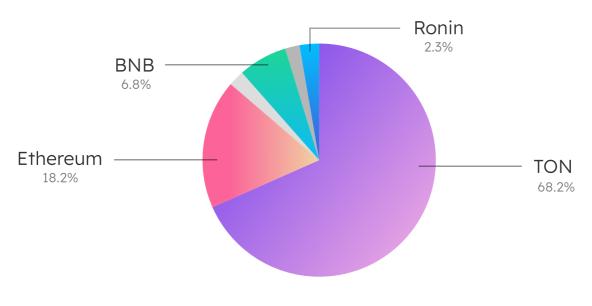
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"Games are incredible tools for driving Web3 adoption, and we're seeing the TON ecosystem is a leverage here. Combined with Telegram's vast distribution network, we're uniquely positioned to become the home for social gaming. By leveraging the power of social interactions and community engagement inherent in gaming, we're breaking down barriers to entry and fostering a vibrant, inclusive ecosystem."

Inal Kardan, Partner at TON Ventures

BLOCKCHAIN

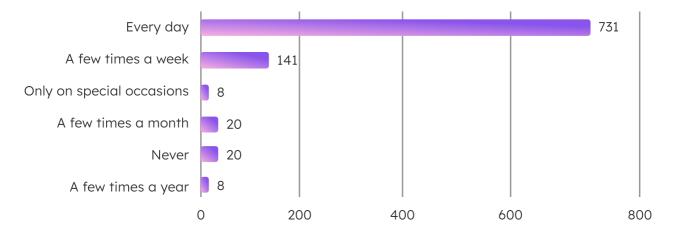## Which blockchain is the most promising for the gaming industry?

Ronin 2.3%
BNB 6.8%
Ethereum 18.2%
TON 68.2%

Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024

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Only the remaining few percent of players engage with mobile games less frequently, highlighting the platform's potential for sustained player activity and long-term engagement.

GAMING

How often do you play games?

Every day	731
A few times a week	141
Only on special occasions	8
A few times a month	20
Never	20
A few times a year	8

Source: "2024 Gaming Report: web3 player survey", 7-10 September 2024.

Over the past year, The Open Network (TON), has garnered considerable attention. With Telegram's vast user base of 900 million monthly active users (MAUs), it stands as one of the most extensive and engaged digital distribution platforms. One of the most noteworthy developments within the TON ecosystem is the emergence of hypercasual blockchain-based games which took the ecosystem by storm.

TON has rapidly become a focal point for web3 games, with Notcoin being a particularly successful example and many more potential giants being already in the making. This flagship game attracted over 40 million users in just a few months, and its token, $NOT, launched on Binance with a fully diluted valuation (FDV) exceeding $1 billion, establishing itself as a leading force within the ecosystem that will further be used in many ways, none of which will offer any type of Pay-to-Win or any other forms of gaining in-game advantage.

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Another viral hit within TON is Hamster Kombat, which has attracted over 200 million registered users and more than 30 million daily active users, reminiscent of the early days of social gaming on platforms like Facebook.

Telegram's potential to become the largest web3 app and onboard the most real users ever is unprecedented. With its simplified crypto wallet automatically provided to all non-US users, Telegram is positioned to become the largest crypto app, onboarding millions of real users effortlessly.

The ultimate goal has always been to offer an experience so seamless that users don't even realize they are using blockchain technology, and the wallet integration is just that. Users don't feel like they are using this 'Bitcoin's technology', they're just using the app, sending funds, and playing games, that's it. This approach will help break down the barriers to entry that have hindered blockchain adoption so far.
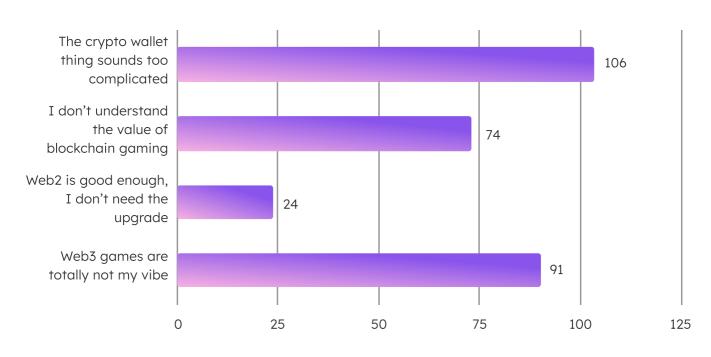
This is exactly how web3 gaming is perceived by those who have already embraced the new wave of web3 games. However, those still engaging with games and protocols built on outdated strategies or operating in the old web3 gaming space continue to hold the mental image of a difficult onboarding process and cumbersome gaming experience.

According to the survey, the most common reason for not playing blockchain/web3 games is uncertainty about how to get started, with 32.11% of respondents citing that they "have no idea how to start." Additionally, 11.42% of participants mentioned that dealing with a crypto wallet sounds too complicated, indicating a significant knowledge gap that could be discouraging potential players.

Furthermore, 9.81% of respondents stated that web3 games are "totally not their vibe," while 7.97% admitted they don't understand the value of blockchain gaming and NFTs. A small percentage (2.59%) expressed satisfaction with web2 games, indicating they don't feel the need for an upgrade to web3 experiences.
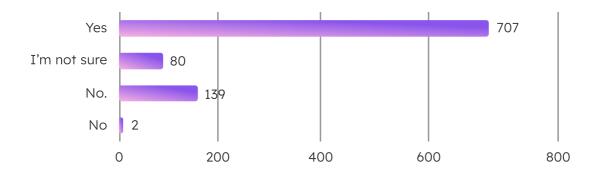
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WEB3 EXPERIENCE

Why have you never played a blockchain/ web3 game?

The crypto wallet thing sounds too complicated	106
I don't understand the value of blockchain gaming	74
Web2 is good enough, I don't need the upgrade	24
Web3 games are totally not my vibe	91

If there is still any uncertainty about whether web3 games are widely recognized, consider that 8.62% of respondents in the Elympics' survey said they were unsure if they had ever played a web3 game. This contrasts with the 76.19% of players who confirmed they had engaged with a web3 game.

WEB3 EXPERIENCE

Have you ever played a blockchain/web3 game?

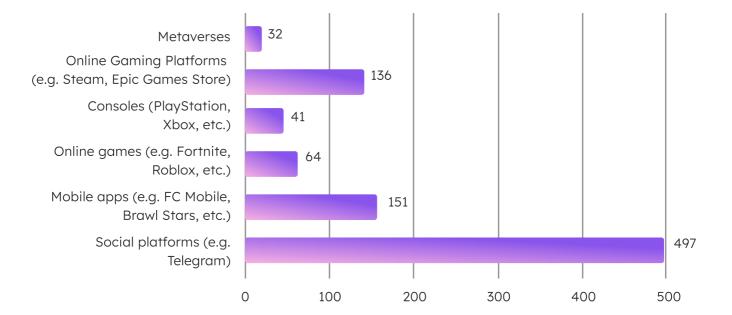|	
Yes	707
I'm not sure	80
No.	139
No	2

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These findings highlight two important points: first, a growing number of players are becoming aware of web3 technology; second, some web3 games are so seamlessly integrated that players may not even distinguish them from traditional web2 games. This is precisely the goal that platforms like Telegram, Elympics, and other web3 gaming pioneers are working to achieve.

Further illustrating this trend, 53.56% of participants reported playing games on social platforms like Telegram, demonstrating the growing popularity of non-traditional gaming environments. Additionally, 35.88% of respondents indicated they play games on various blockchain-based platforms, further highlighting the ongoing adoption of web3 technologies. Mobile gaming also remains a significant area of growth, with 16.27% of players engaging with games via mobile apps like FC Mobile and Brawl Stars, underlining the fact that mobile gaming is the go-to strategy for web3 pioneers.
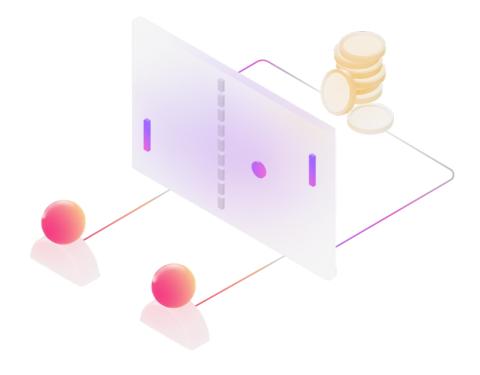
WEB3 GAMING

Where do you play games?

Metaverses: 32
Online Gaming Platforms (e.g. Steam, Epic Games Store): 136
Consoles (PlayStation, Xbox, etc.): 41
Online games (e.g. Fortnite, Roblox, etc.): 64
Mobile apps (e.g. FC Mobile, Brawl Stars, etc.): 151
Social platforms (e.g. Telegram): 497

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Telegram's TON ecosystem has emerged as
a major platform for hyper-casual blockchain-
based games.

Boinkers Case Study

In light of the emergence and exponential growth of Telegram gaming, the platform
has become a hotspot for tap-to-earn games powered by The Open Network (TON)
blockchain, such as Notcoin, Hamster Kombat, Catizen, and Boinkers. Boinkers has seen
unparalleled success with the launch of its Telegram game, and the case study prepared
by Boinkers aims to highlight the practical implications and benefits of launching
a Telegram game. This case study covers user acquisition, community building and
how games can leverage telegram as part of a GTM strategy. This section highlights
the effects experienced from launching a game on a platform with over 9 million users,
how Boinkers has experienced rapid growth, and an analysis of traction gained on the
platform. You can read the Boinkers case study here.

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"With ownership of assets and innovative monetization models, blockchain-based games have the potential to empower players like never before. The Web3 gaming ecosystem is maturing in line with the technology and lessons learned from the traditional gaming sector and early days of web3 gaming.

The adoption of mobile gaming is rising, and platforms like Telegram are a game-changer for blockchain games to acquire new users and build community without the restrictions seen on traditional platforms. Web3 technology will continue to evolve, closing the gap between traditional and blockchain gaming and offering a seamless, inclusive experience accessible to players everywhere."

Melanie Dow, Content Manager, BGA

With billions of smartphone users worldwide, the potential for web3 gaming and applications to reach a global scale is immense. Following the idea of growing number of smartphone users, inclusivity will be a key principle guiding the future of web3 gaming. Games will need to be accessible not only in terms of design but also in how they are distributed.

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By integrating web3 games into mainstream platforms like Google Play, the App Store, Epic Games, and messaging platforms like Telegram, developers can ensure that players can transition seamlessly between web2 and web3 experiences without even knowing they are using different technology rails. This approach will help dispel any lingering concerns about the security of web3 games, as players will interact with them in familiar environments.

Another critical aspect of the future of gaming is the evolution of digital identity. Traditionally, a player's identity was tied to a single avatar, username, or account within a specific game or platform.

However, with the advent of web3 gaming, this static model is giving way to a more dynamic and interoperable approach. Digital identities in the web3 era will not be confined to individual games or ecosystems. Instead, they will move fluidly across different environments, reflecting the multifaceted nature of a player's online presence. This evolution will enhance the value and impact of digital identities, allowing players to build and monetize their unique personas across various platforms, ecosystems, and games.

As we look toward the future of web3 gaming, the concept of zero-sum, skill-based game economies is emerging as a revolutionary approach. Unlike the early wave of web3 games, which were often dominated by inflationary tokens and pay-to-win models, the next generation of games will focus on rewarding skill and competitiveness with real money rewards in a zero-sum environment.

This shift marks a departure from financial speculation as the primary driver of player engagement and instead emphasizes mastery and improvement as the path to success. In this new paradigm, financial rewards are not the goal but the outcome of a player's skill and dedication, mirroring the dynamics of traditional sports.

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"As the lines between gaming and blockchain blur, the next generation of players will not just play, but actively shape the worlds they engage with while behind empowered with true ownership of the assets they use in-game".

Chris Avignon, CEO at PlayToEarn

The use of blockchain technology in gaming is not a binary choice; it's a spectrum that offers unprecedented flexibility as games no longer need to be seen as either "traditional" or "blockchain-based." What we are witnessing today is the dawn of the new standard that will reshape the gaming industry as the lines between web2 and web3 will continue to blur, creating a unified gaming experience that transcends traditional boundaries and opens up new possibilities for players worldwide.

The future of web3 gaming is mobile-first, inclusive, and focused on skill-based competition.

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