

Live Service Development in 2024: The Developer's Perspective



Introduction

What are the key trends affecting live service game developers in 2024? How are they adapting to a rapidly evolving marketplace, and what are their biggest challenges and pain points?

To understand these issues, Omdia has partnered with AccelByte to conduct brand new research surveying senior decision makers in live service game development, unveiling numerous insights into the state of live service development today, including:

Live service games are more diverse than ever.

The market has changed beyond recognition, with live service development now an option open to developers of all shapes and sizes.

Technology is helping developers combat cost and complexity.

Developers are looking to technology partners to help reduce costs and stay competitive by freeing up resources for core development.

Developers still face plenty of challenges.

The cost and complexity of game development continues to increase and despite recent layoffs in the industry, finding talent is still a struggle—but there are solutions.

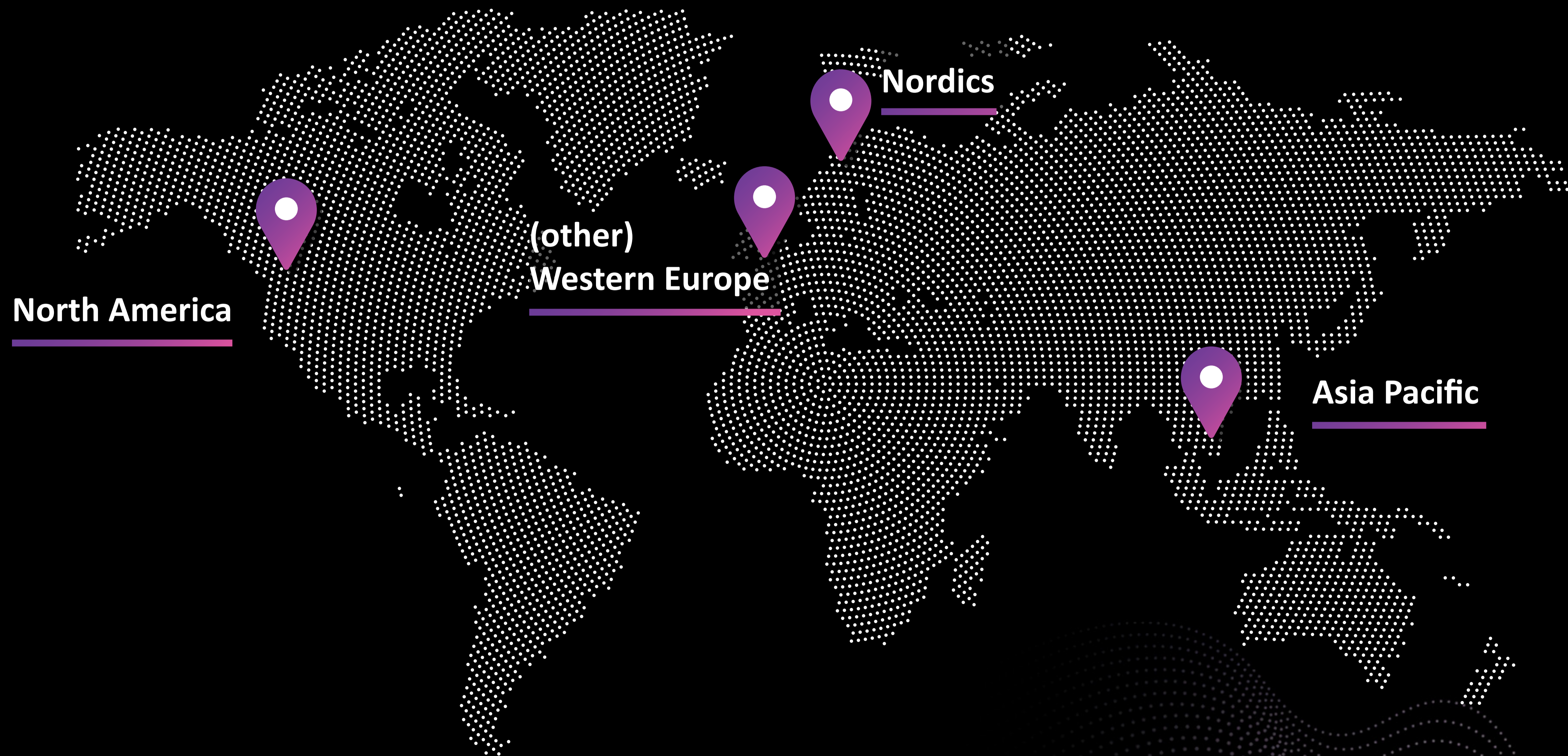
External tech is delivering results.

The vast majority of developers who adopt external tech are impressed by the results—and most studios still have ample scope to realize these gains.



Surveying the state of live service game development

All of the data presented in this eBook was gathered from a survey of live service game developers conducted by Omdia in partnership with AccelByte. Fieldwork for this study was conducted in January and February 2024, reaching 202 developers with personal experience building live service games. The research focused on four key regions, with an even spread of respondents across each geography:



Survey demographics

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56%

Range of roles

Respondents come from a variety of roles, with 56% working in technical positions.

87%

Decision makers

The sample is made up of senior decision makers, with 87% at director, VP, or C-level.

50%

Studio sizes

Studios of all sizes, with a 50/50 split between studios of under and over 100 people.

45%

Cross-platform

Mobile, console, and PC developers, with 45% working on cross-platform titles

100%

Live service developers

100% of participants have first-hand experience developing live service games



Live service games are no longer the preserve of large studios

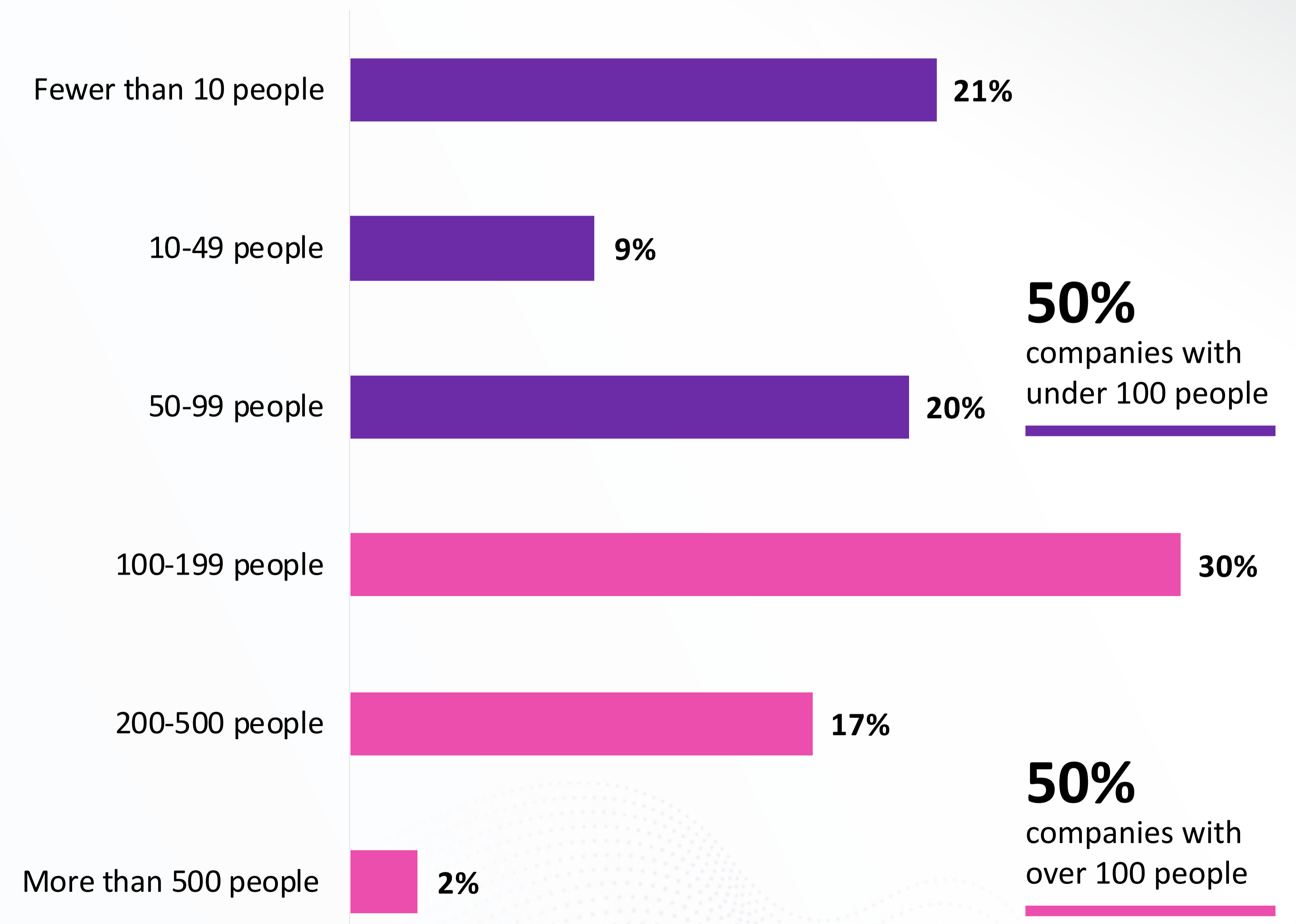
Historically, building and running a live service game was only a realistic proposition for the biggest and best-resourced studios.

Live service games require extensive backend infrastructure and tooling, the cost of which has, in the past, often proven prohibitive for smaller studios. Infrastructure costs, combined with tool development and maintenance, have also been viewed as an unworkable burden for smaller studios.

Developers now have access to more solutions than ever to help address these challenges. As a result, the **barrier to entry for live service development has become much lower**, opening up this rapidly-growing market segment to a much wider range of companies.

This shift is already well underway: our survey finds that **50% of live service developers work at studios with under 100 employees**. 21% come from companies with fewer than 10 people, showing that live service development is increasingly within reach, for even the smallest studios.

Live service developers by studio size

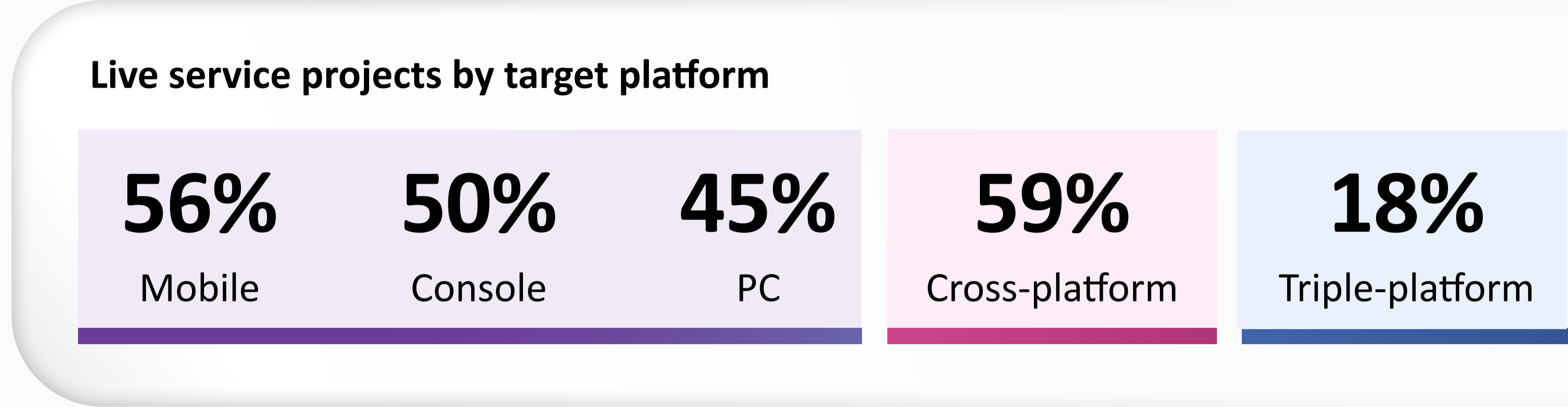


Live service development is becoming more varied than ever before

The live service business model was first pioneered by mobile games, often targeting non-traditional gaming demographics with accessible mechanics and content.

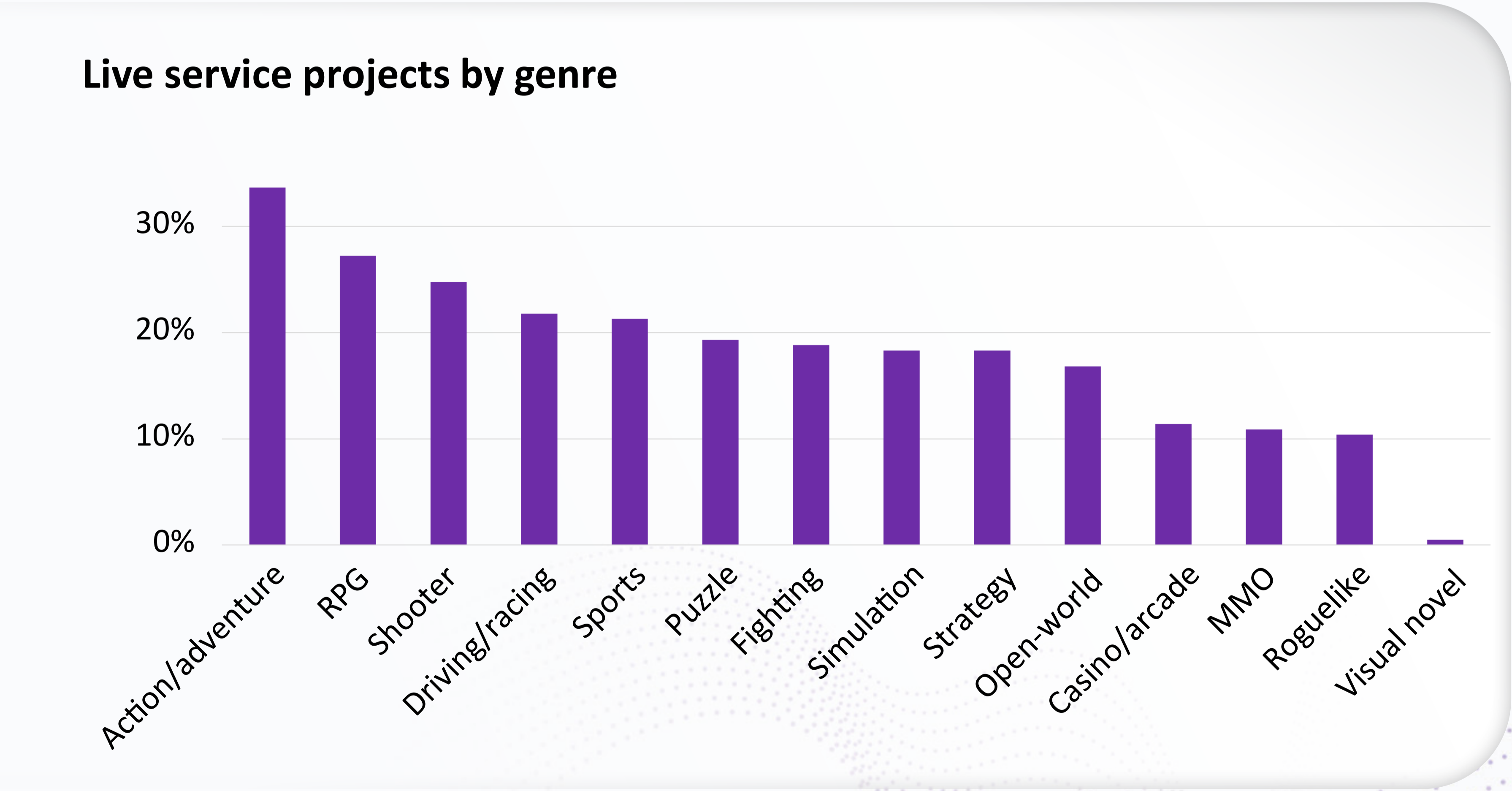
More recently, however, **the market for live service games has become notably more diverse**. As developers look to create durable, long-lasting experiences, live service games are increasingly ubiquitous across a range of platforms and genres and are growing more popular among both traditional and non-traditional audiences.

This is clearly visible in the survey data: while 55% of live service developers are working on mobile titles, this is closely followed by 50% releasing on PC, and 45% on console. Cross-platform development is also a major trend:



59% of surveyed projects were cross-platform, while 18% were triple-platform titles across all three of mobile, console, and PC.

In content, too, we see increasing diversity. Core gamer-friendly action/adventure, RPG, and shooter titles are the leading genres in our survey, underscoring how developers are finding ways of adapting games of kinds to suit a live service model.



Q1: Which platforms is your current or most recent game available on? N=202
 Q2: What genre(s) does your current or more recent game belong to? N=202

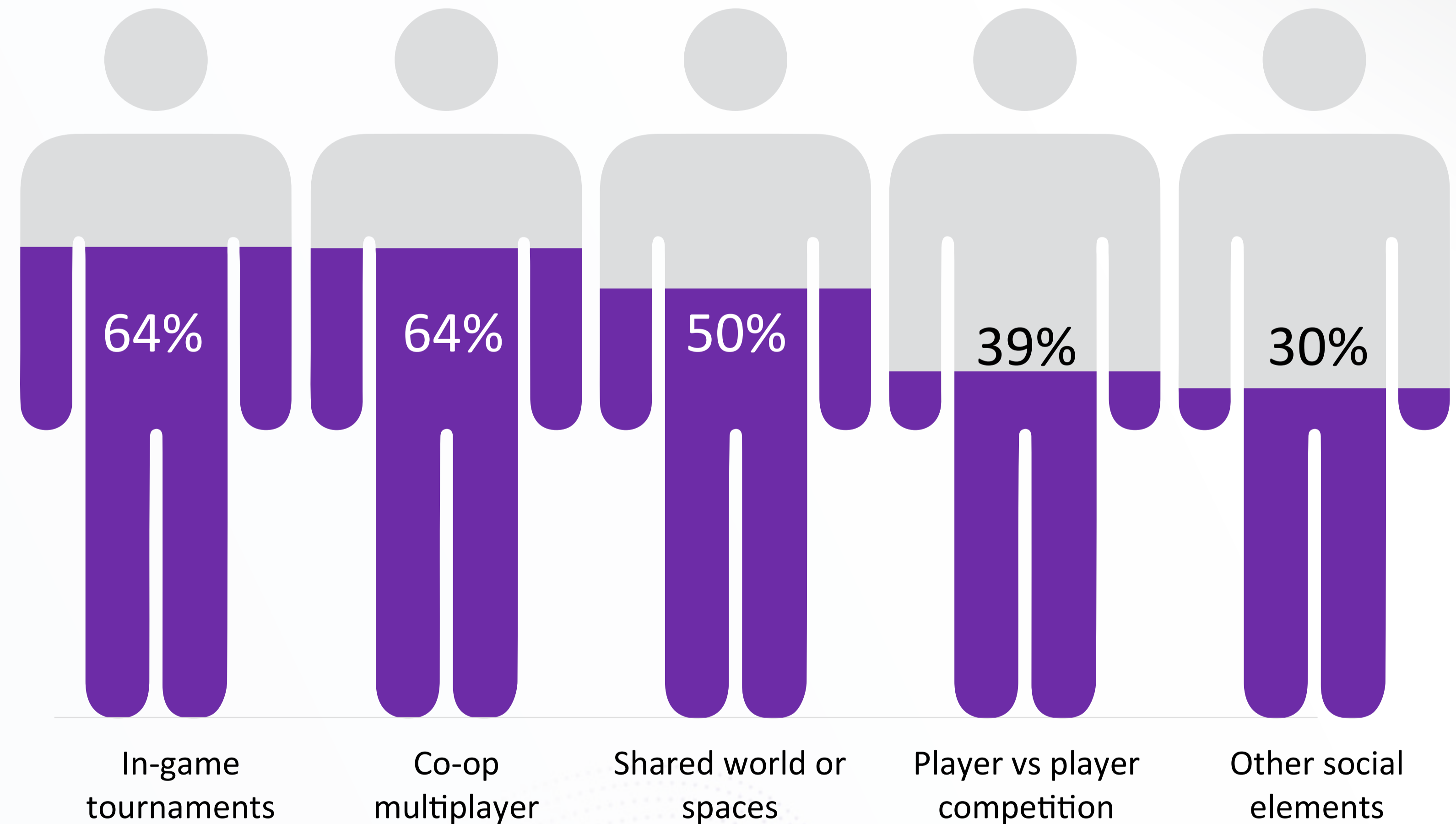
Live service games are embracing a variety of approaches to social and multiplayer gaming

Making use of multiplayer and social gameplay elements to drive engagement and retention is integral to the design of most live service games. In our sample, all respondents had multiplayer elements of some kind in their games. But developers are becoming increasingly innovative in mixing and matching these elements.

Notably, we can see a trend towards an **increasing emphasis on co-op multiplayer experiences**, which is present in 64% of games, considerably more than the 39% which feature direct player-vs-player (PvP) competition. **Developers are also increasingly combining different kinds of multiplayer**—almost half of games with PvP, for instance, also feature co-op multiplayer.

Another approach that is becoming more common is to focus on single-player gameplay but make use of elements like chat, leaderboards, or shared in-game spaces to bring a social element to the game. Some developers are relying on these more indirect social elements alone:

Multiplayer elements in live service games



14% are working on projects that do not include either PvP or direct co-op gameplay.

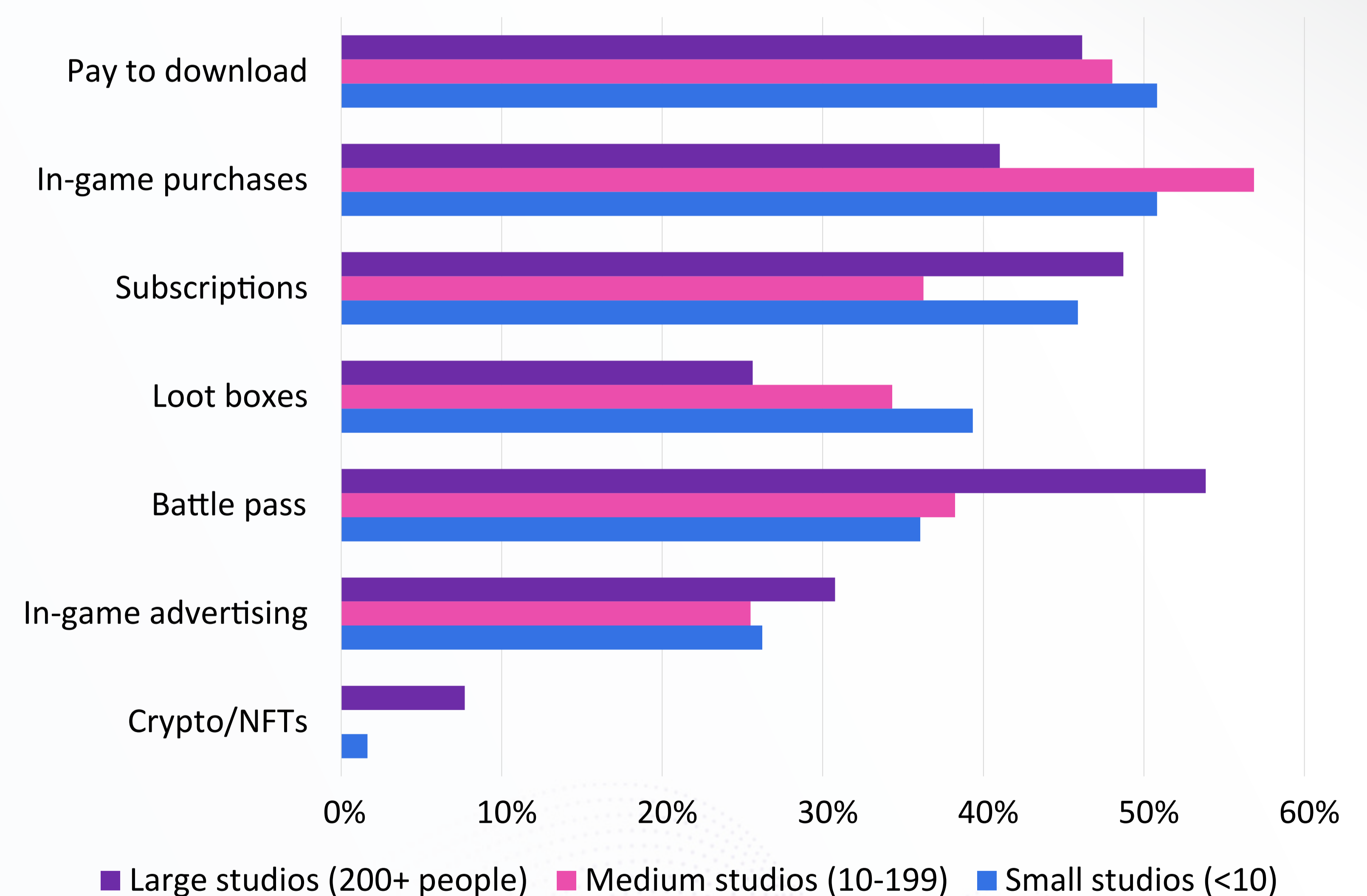
Live service games make use of a wide range of monetization strategies

The increasing diversity of live service games is also visible in monetization. **No single business model dominates the live service market.** Rather, developers are recognizing that they can choose from a range of strategies to find the best fit for their game and their audience.

The primary revenue streams remain traditional upfront purchases and in-game payments/microtransactions. Yet beyond these, **a range of monetization options are in play from subscriptions, to loot boxes, to in-game advertising.** In fact, every monetization model in our survey was used by a significant (30%+) share of developers, with the sole exception of crypto/NFTs, which are yet to break into the mass market.

There are also notable differences in monetization strategies between smaller and larger studios. Large studios are notably more likely to use battle passes, which they are deploying in 54% of projects, compared to 36% for small studios. On the other hand, smaller studios are substantially more likely to make use of loot boxes. Again, there is no one-size-fits-all.

Monetization models by studio size

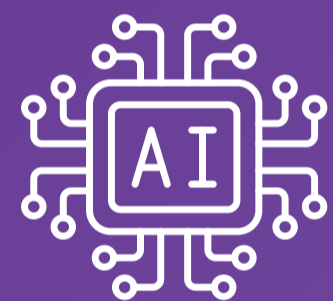


Q: What are the main monetization model(s) used by your current or most recent game? N=202

The biggest challenges in game development today, according to developers

THE TOP 3 CHALLENGES IN GAME DEVELOPMENT

Developers rated cost control, implementation of AI, and security as the top three among a wide range of challenges in game development today.



39%

IMPLEMENTATION OF AI

AI holds enormous promise for game development, but realizing this potential remains a major challenge.



36%

CONTROLLING DEVELOPMENT COSTS

Cost control is a huge issue, with most developers experiencing cost increases in recent years.



34%

SECURITY

From DDoS attacks to bots and account fraud, security risks often disproportionately impact live service games.



Despite the layoffs impacting the games industry, hiring and retaining talent remains a key challenge

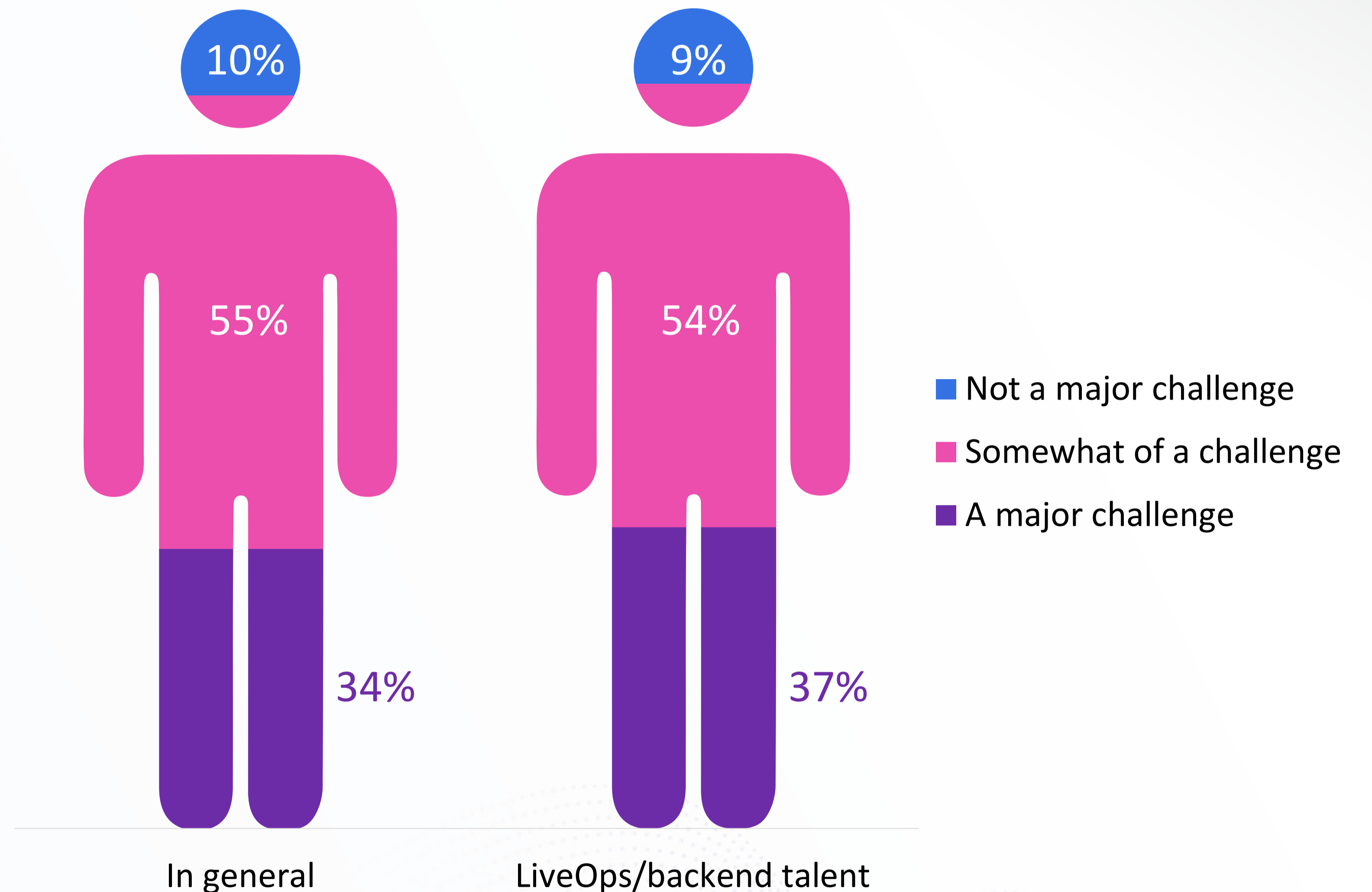
Throughout 2023 and into 2024, the games industry has been hit by an unprecedented wave of layoffs. These layoffs have affected thousands of developers around the world. Inevitably, this has led to an exceptionally challenging job market as more applicants chase a shrinking number of positions.

In this context, it might be expected that studios would be finding it easier to fill roles than in the past. But while there is undoubtedly a huge amount of talent on the market, studios are still finding hiring in key roles to be a significant challenge.

Our survey found that 90% of developers still consider hiring and retaining talent to be a challenge at their company, with 34% rating it “a major challenge.”

Looking at backend and LiveOps talent specifically, we see those same figures mirrored almost exactly, suggesting that backend and LiveOps are a key driver of the overall talent shortage. This should come as no surprise given the rapidly increasing demand for talent to fill roles in these areas—a talent shortage that is persisting even in the context of an exceptionally unsettled job market.

Level of challenge in hiring and retaining talent



Q1: To what extent is hiring and retaining talent a challenge at your company? N=202
 Q2: To what extent is hiring and retaining talent in backend services/LiveOps a challenge at your company? N=202

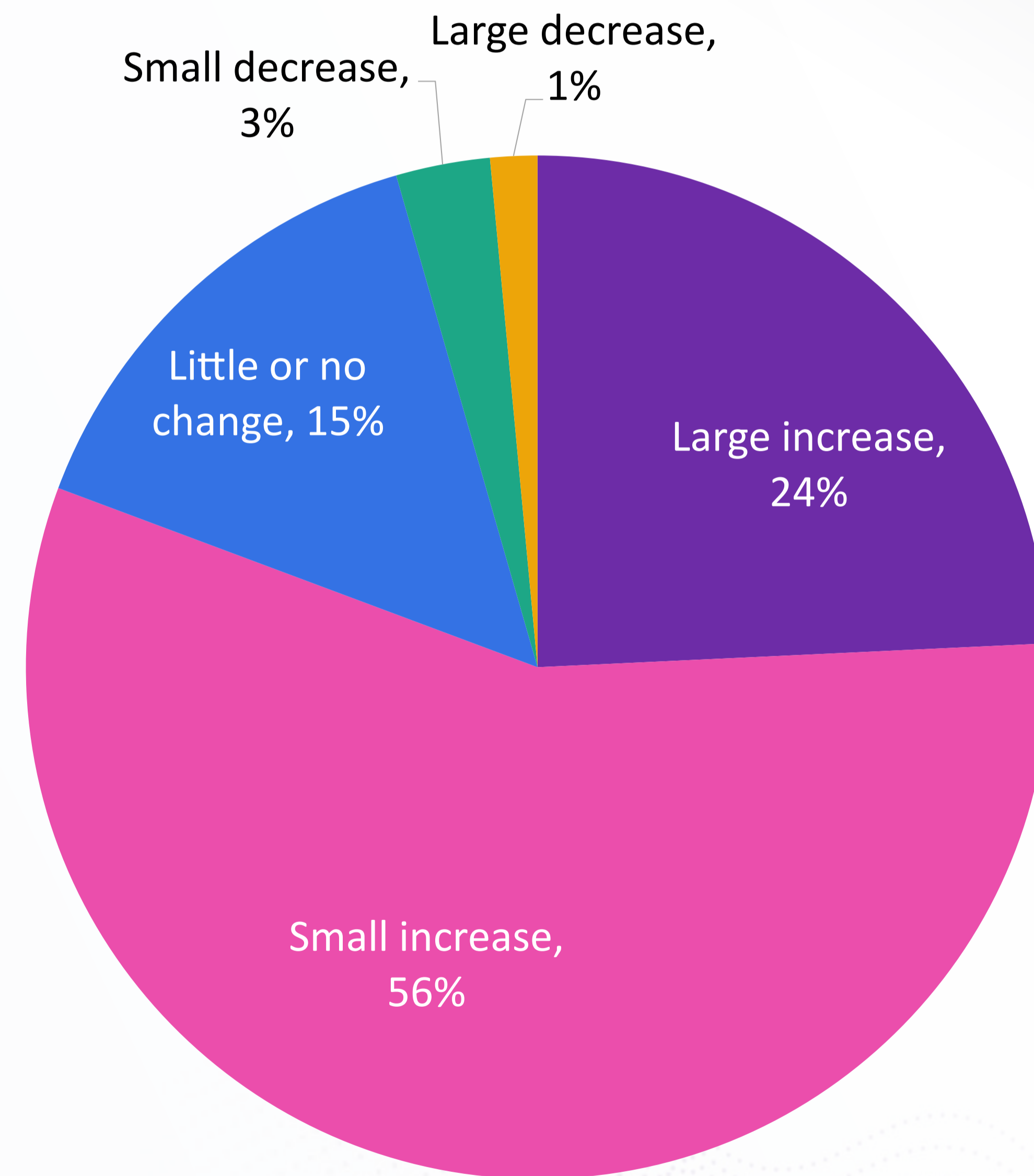
Developers face steadily increasing costs across the board

Game development has never been more expensive. Across console, mobile, and PC, graphics hardware has improved dramatically—along with consumer expectations of what that hardware should deliver. At the same time, the market has grown more competitive than ever. With thousands of games releasing every year, there are not many options to cut costs and still give your game a chance to compete.

These factors have ensured that some **80% of developers have seen increases in their overall cost base in recent years**, with 24% experiencing a particularly large increase. On the flipside, just 4% of studios have managed to decrease their costs.

These challenges are particularly acute for those shifting to a live service business model who, in addition to general cost pressures, also have to absorb additional infrastructure, tooling, and talent costs. This makes the search for savings and productivity increases vital. Many developers are hopeful that AI will eventually help to address these cost pressures.

Change in overall development costs in the last five years



But in the here and now, many studios are looking to a range of technology partners to deliver proven solutions to reduce costs.

Live service developers are enthusiastic about generative AI—but it will not be a silver bullet

GENERATIVE AI

Interest in generative AI among developers is high, with over a third already using gen AI tools, and most others planning or considering future use. The vast majority also expect a positive impact. **However, AI still needs time to mature and be integrated into development workflows and will not present an immediate solution to pressing cost and technical challenges.**

87%

Expect positive impact

87% of developers expect a positive impact on live service games

13%

Mixed/negative expectation

13% are more cautious, and expect a mixed or negative overall impact

53%

Planning to use

53% of developers are planning to make use of generative AI

11%

Considering it

11% have no plans to use AI now, but would consider it in future

36%

Already using

36% of live service developers are already using generative AI tools



Building a live service game brings a unique set of challenges



45%

DISCOVERABILITY

Discoverability in a crowded marketplace is the number one challenge.



38%

COMPETITION

The live service game market is more crowded and competitive than ever.

39%

USER ACQUISITION

Skyrocketing UA costs pose a major problem for many live service titles.



36%

USER RETENTION

User retention is increasingly recognized as being an equal priority to acquisition.



38%

BACKEND SYSTEMS

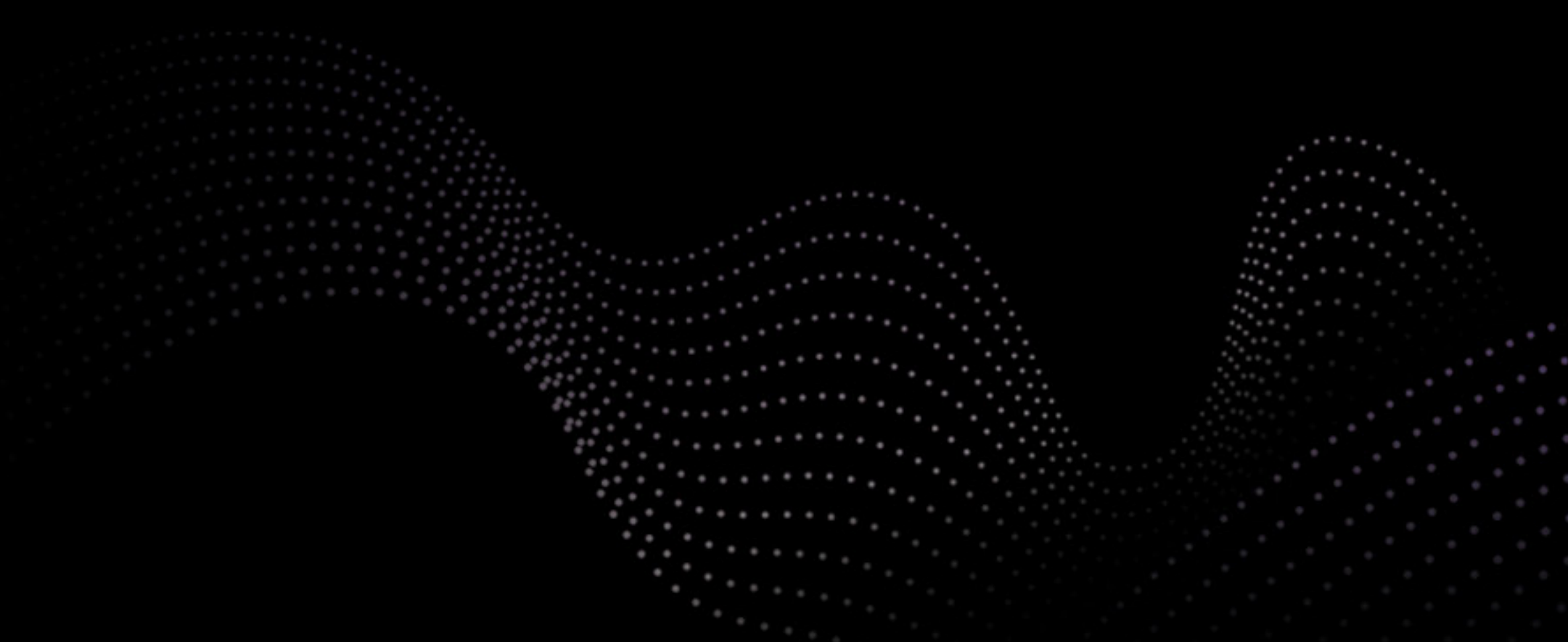
Building and maintaining backend systems is the biggest technical challenge.



35%

SERVER & INFRASTRUCTURE COSTS

Infrastructure often represents the number one cost pressure for live service games.



Developers want to focus on game development, not tool development

The difficulty of maintaining custom tools is the number one driver of adoption of external technology.

This ties closely to the second most cited reason: allowing developers to focus on the core of their game.

Though it's clear from the survey results that there are a wide range of reasons to utilize external tech, **the ability to redirect limited resources from costly tooldev to higher-value core game design and development functions is, more often than not, the killer argument.**

On the flipside, the leading concerns about external technology center on reliability and flexibility. Vendors need to assure developers that they can provide a secure, long-term partnership that is responsive to specific needs of individual customers.

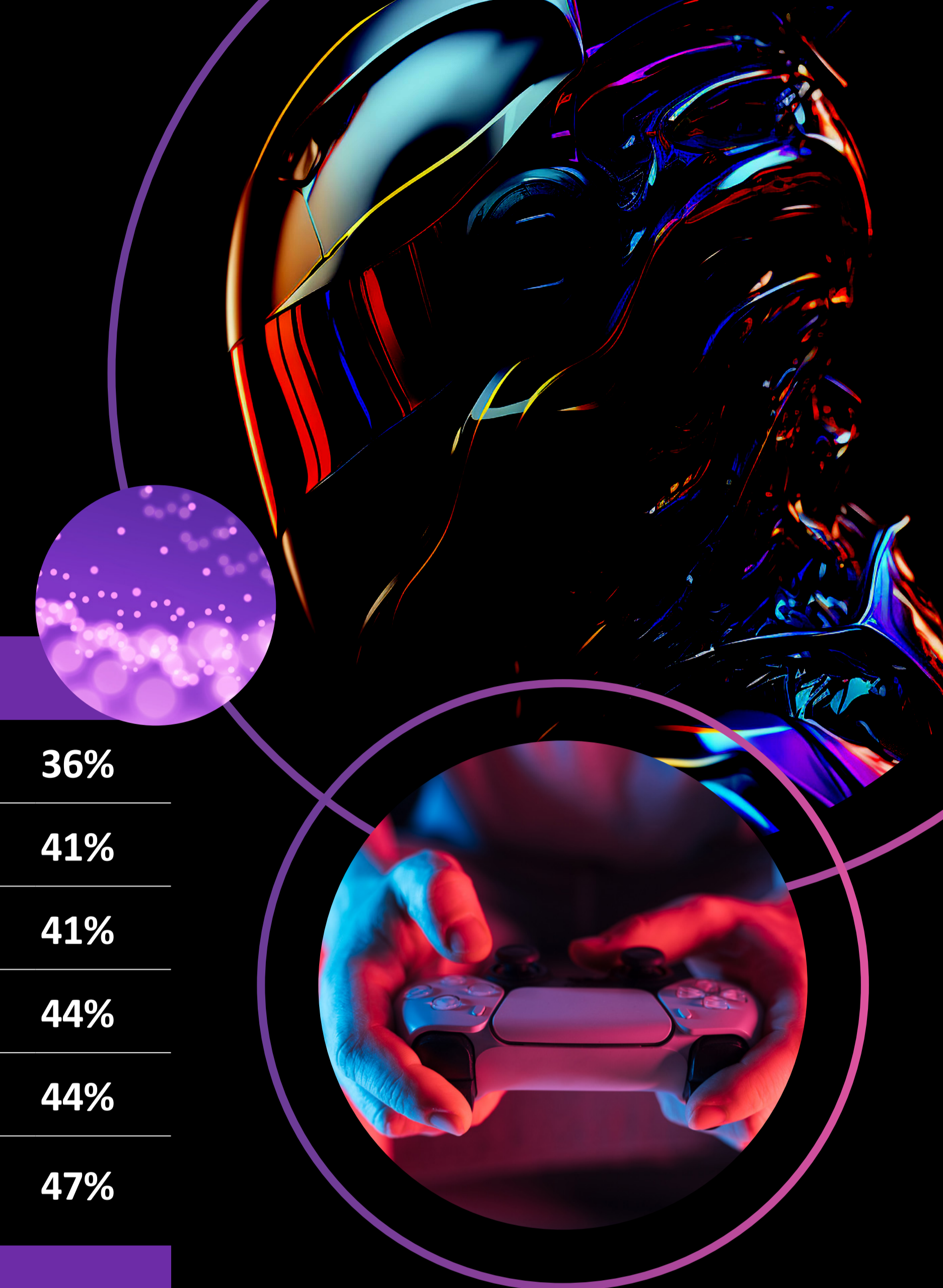
Reasons for adopting external technology

Lack of internal expertise	36%
Easier to hire developers familiar with external tools	41%
Lower total cost of ownership	41%
External tools have superior capabilities	44%
Allows you to focus on the core of your game	44%
Too hard to maintain custom tools	47%

Concerns about external technology

Tools not well tailored to your needs	34%
Too much effort to integrate	38%
Risk of vendor lock-in	41%
Cost	42%
Risk of vendor shutting down/being acquired	44%
Tools not sufficiently flexible	44%

Q: Compared to five years ago, how much would you say overall costs have changed at your company? N=202



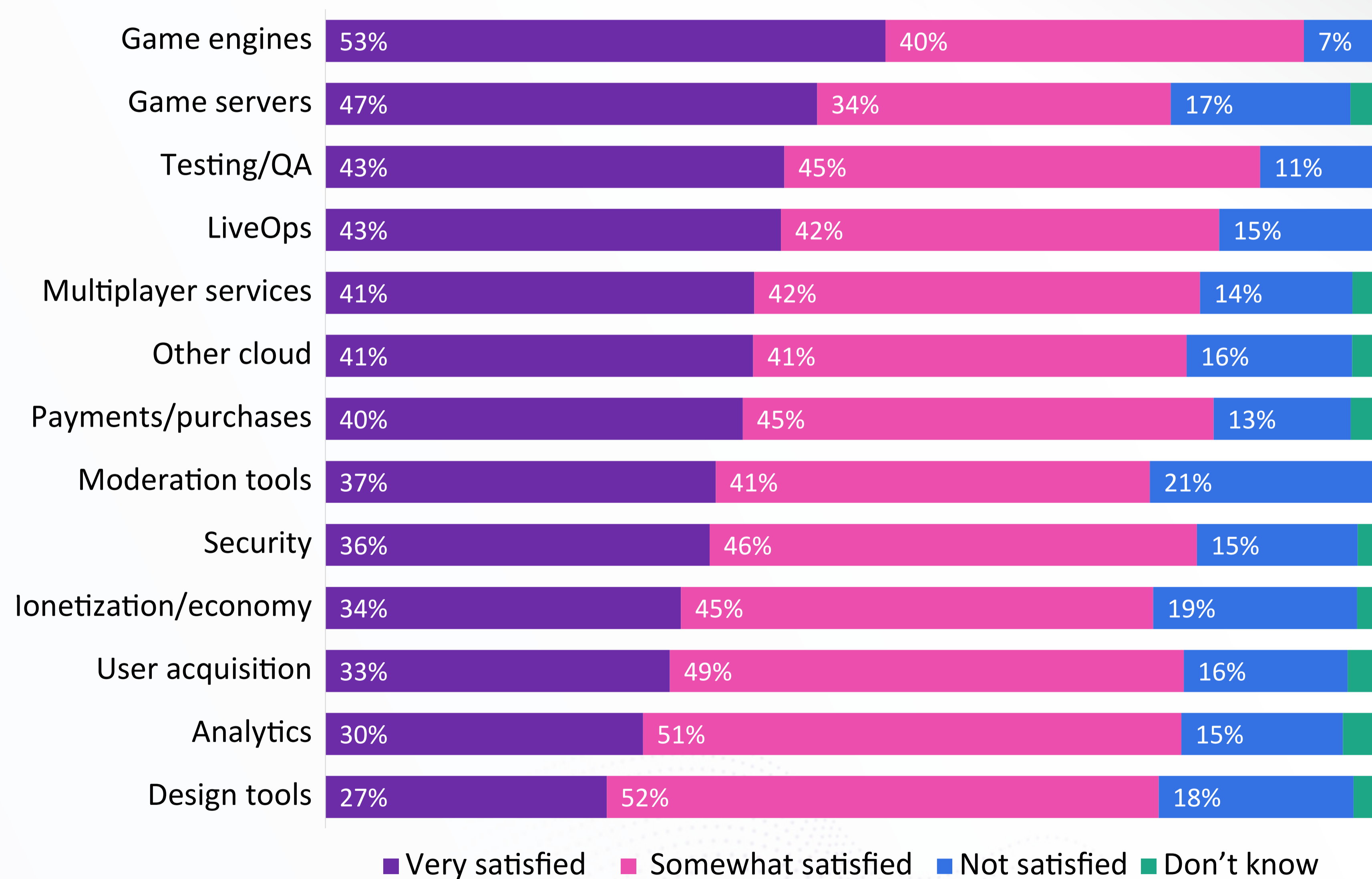
External tools enjoy very high satisfaction ratings

Once external technology is adopted, developers are generally very happy with the results. The average satisfaction rating across 13 categories of third-party game development technology is an impressive 83%. In all 13 cases, developers were more likely to report being “very satisfied” than not satisfied, often by large margins.

These results underscore that while developers are often hesitant to move from custom tools to external technology, few ultimately regret the decision. This finding is strikingly consistent across a wide range of technologies.

These findings suggest that developers may be systematically underestimating the benefits to be gained from adoption of external technology.

External technology satisfaction ratings



Developers are consistently moving towards a strategy of buying rather than building technology internally

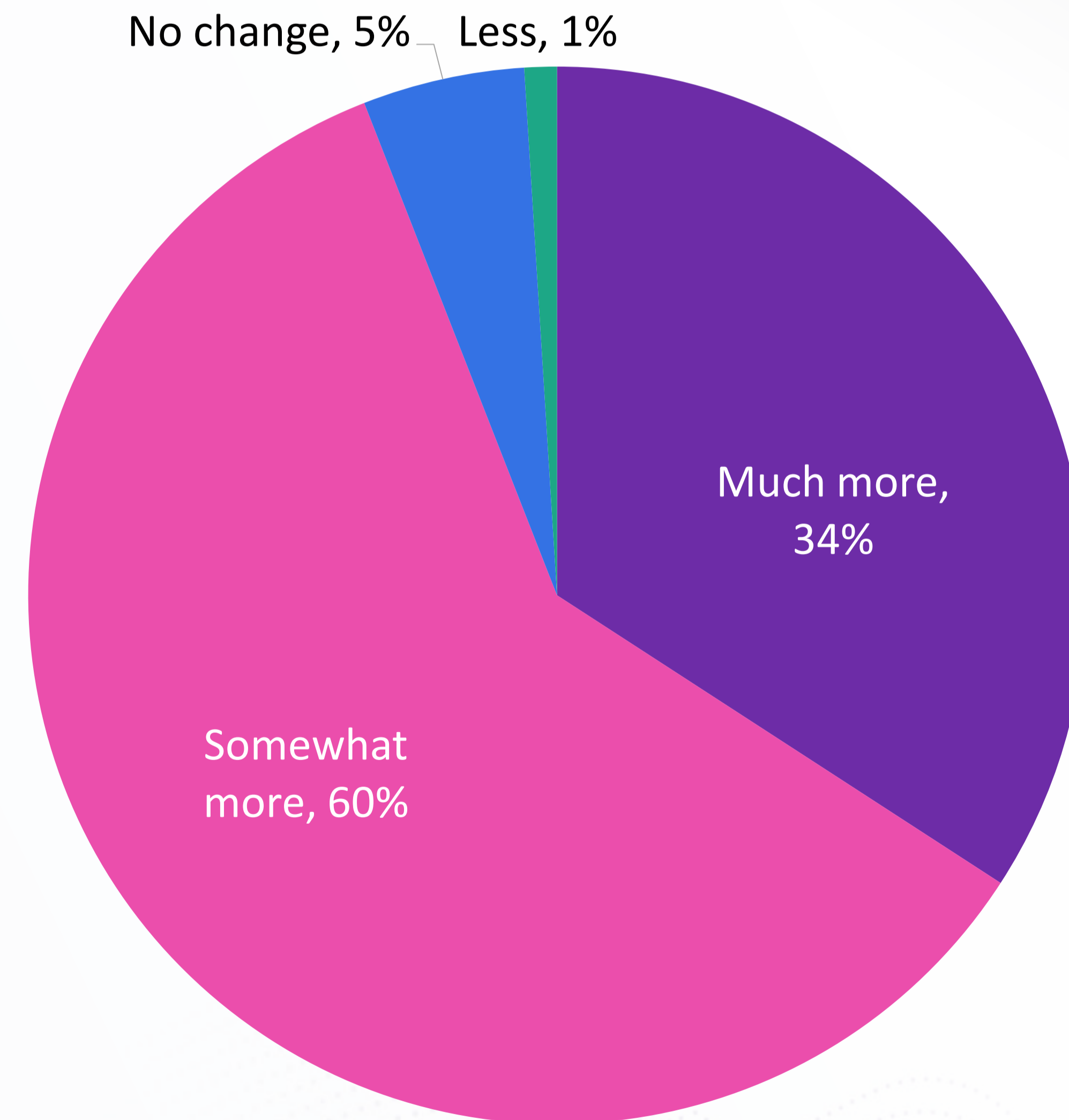
Given the pressure to manage costs and increase productivity, it's no surprise that developers have become increasingly eager to leverage external technology. And with most expressing high satisfaction ratings with the solutions they do adopt, we can see the beginnings of a snowball effect.

More and more developers who have had positive experiences are looking for further opportunities to take advantage of third-party technology.

The direction of travel is clear from the survey data: **94% of developers have increased their use of external technology over the last five years.** Movement in the other direction has been negligible, at just 1%—again underscoring how rarely developers feel that adopting external tech is not the right call.

And this shift is still very much in progress. When we asked about the likely future trajectory, **80% of developers expected their use of external technology to increase further in future.** There is certainly still a lot of scope to do. In some areas, most studios have already shifted from in-house to external platforms (game engines, for instance). But in others—especially where backend functions are concerned—the transition has barely begun.

Change in use of external technology over the last 5 years



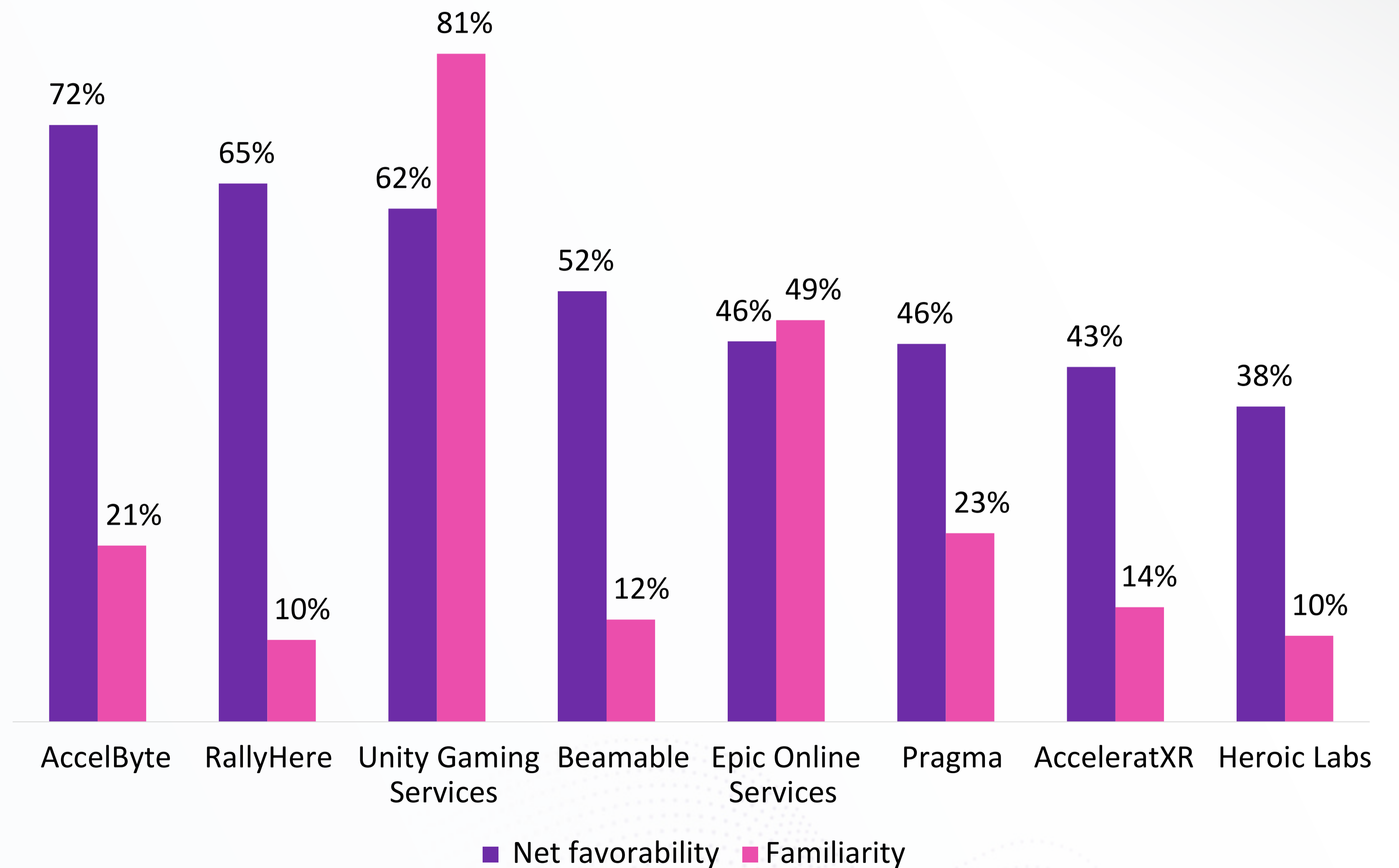
Q: Over the last five years, has your company shifted towards greater use of external technology? N=202

Developers still getting familiar with backend service providers, but like what they see

Another sign that we are still relatively early in the shift towards more use of external technology is that developers have relatively low awareness of most backend service providers. The two best-known brands in the space are Unity Gaming Services (81% familiarity) and Epic Online Services (49%)—each of which of course enjoys a degree of name recognition from their game engines and other products. When it comes to “pure-play” service providers, on the other hand, **it’s clear that most developers are still getting familiar with the many potential partners available to them.**

Favorability ratings are quite a different story, on the other hand. Echoing our finding of high satisfaction ratings for external technology once it has been adopted, we also find that backend service providers consistently enjoy high favorability ratings among developers who are familiar with them.

Backend service provider familiarity and favorability



This again suggests that developers not yet working with external tech providers may be underrating the benefits they can expect to gain.

Q1: Which of the following backend service providers are you familiar with? N=202
 Q2: How favorable is your view of the following backend service providers? N=20-163

What do developers expect from backend service providers?

We've seen how developers view the pros and cons of external technology, and that most are moving towards increased adoption. **Backend functions and infrastructure are likely to be at the forefront of the shift to external tech** over the coming years as the solutions on offer become more attractive and enable developers to focus more on the core of their games.

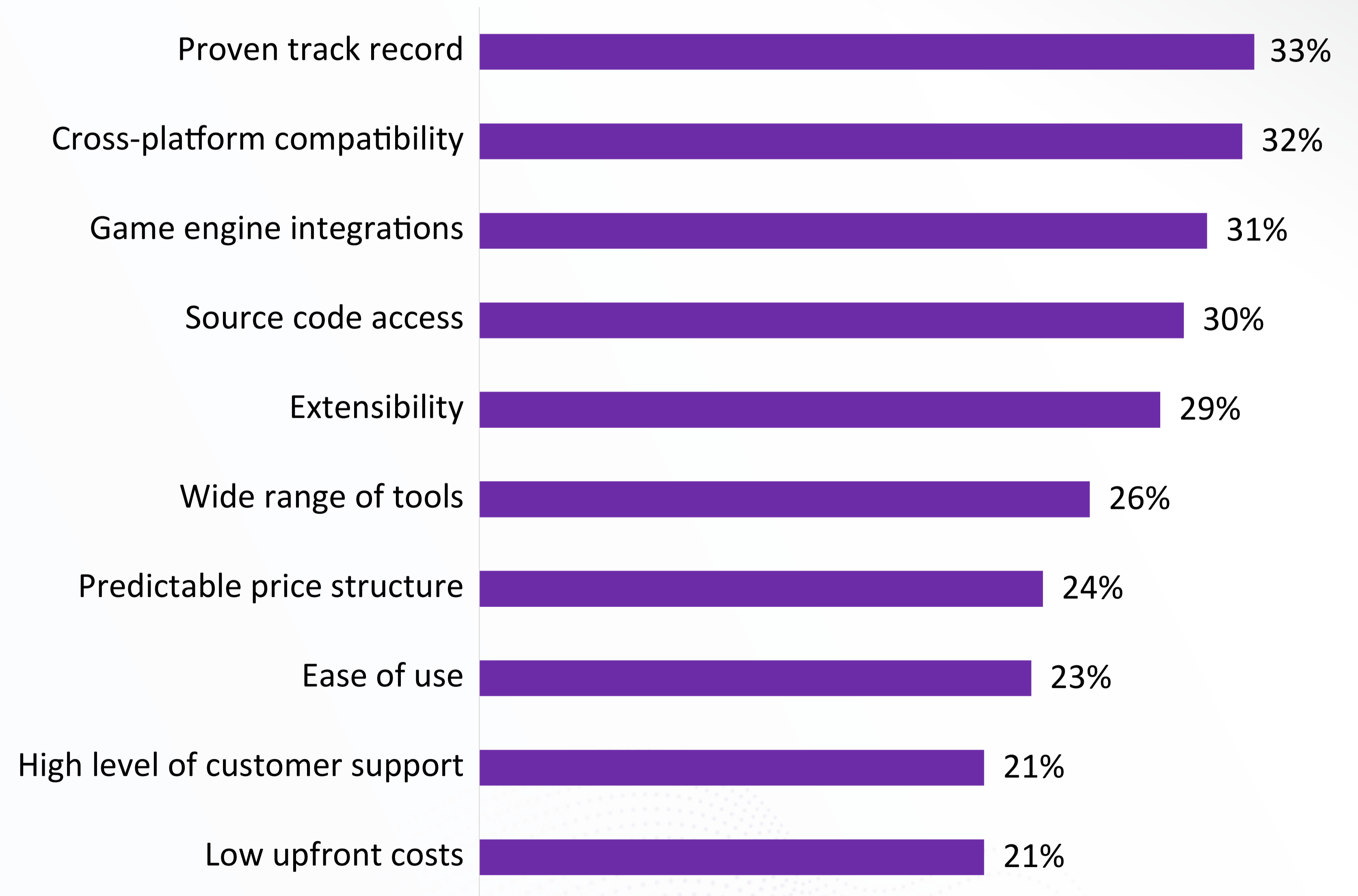
The choice of backend service provider is therefore a key question which many studios will face. It's a decision that depends on many factors. With cost reduction often the ultimate aim, pricing is undoubtedly important—though perhaps not to the extent that might be expected. In our survey, it does not rank in the top six items.

Flexibility and ease of use, on the other hand, are key considerations. Qualities like cross-platform compatibility, game engine integrations, and extensibility are all close to the top of the list.

But over and above all these factors, our survey shows that no quality is rated higher by developers than a proven track record.

Developers want to be sure that they are putting their games in the hands of a partner they can trust.

Most important qualities in a backend service provider



Key takeaways

Live service development is an option open to all studios.

Already over 50% of live service developers are small studios and improvements in backend technology are continuing to make live service development more widely accessible.

Cost pressures must be managed.

Costs are increasing at 80% of studios, and according to 91% of developers, a shortage of backend and LiveOps talent makes staffing full in-house teams in these key areas a major challenge.

Studios recognize the value of a buy vs. build strategy

94% of developers have increased their use of external technology, recognizing that this one of the best and easiest ways for studios to reduce costs and complexity.

Developers are impressed by what tech partners can deliver.

The average satisfaction rating of external tech solutions is 83%. Backend service providers have an average net favorability rating of +53%. The data is overwhelmingly clear that when developers adopt external technology, they are consistently impressed by the results.



The background image shows a person's hands holding a white game controller. The scene is lit with vibrant pink and blue lights, suggesting a gaming environment. In the background, a keyboard with colorful backlighting is visible.

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