# State of the Industry Address

Matt Gilgenbach

High Impact Games

http://wwww.binarycreativity.com

matt@binarycreativity.com

# What I've Done

△ The Incredibles

△ The Incredibles: Rise of the Underminer

△ Spongebob Squarepants: The Movie: The Game

△ Ratchet and Clank: Size Matters

△ Super secret next gen stuff

# Disclaimer

- ⃤ Everything I say is my opinion
- ⃤ I could be wrong

# What Drives the Industry

- Desire to rot people's brains?
  - No
- Desire to transform people into anti-social obsessed gamers?
  - No
- Desire to create an army of GTA style murderers?
  - No
- Desire to entertain and spread fun?
  - Still no
  - Then what?

# Then What Is it?

- What else could it be?
  - $$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$
- Money makes the world go round
- It also drives the game industry
- Industry - any general business activity; commercial enterprise (from: www.dictionary.com)

# Without Money, Games Can't be Developed

- Games may seem like a "hot" and successful industry
- For every success story, there are many more failures
  - Gizmondo
  - Infinium Labs/Phantom Entertainment
  - Majesco

# You're a Jaded Corporate Stooge!

- △ I hope not
- △ Just like in any industry, great things can be created
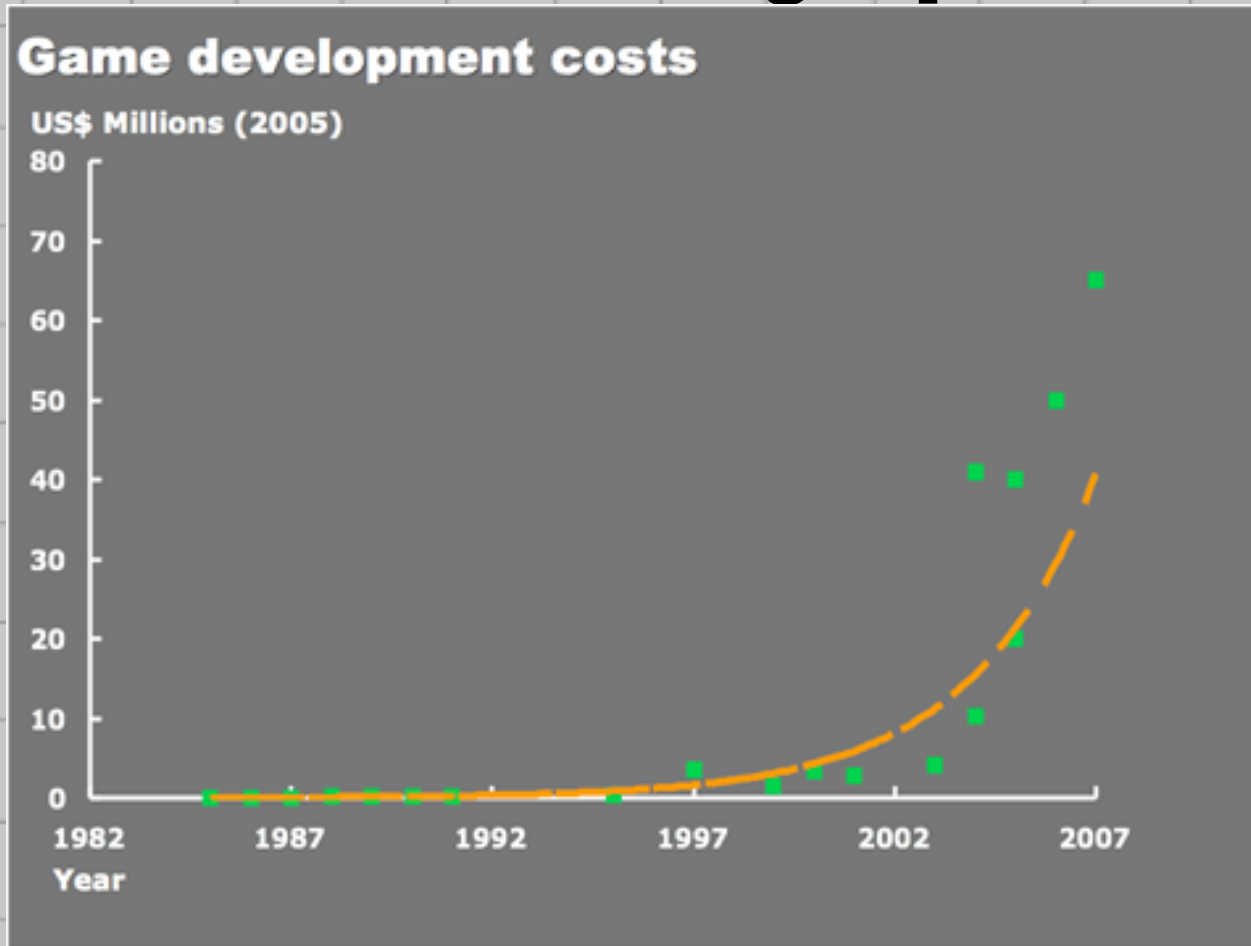  - ◎ You have to work within confines
  - ◎ Terry Gilliam – Lost in La Mancha
- △ Psychonauts is an amazing game, and it was made within the constraints of the industry
  - ◎ It took almost 4 years and was blamed for destroying its publisher, but it was made

# Business of Next Gen

△ **Game costs are increasing exponentially**



## Game development costs

**US$ Millions (2005)**

(Scatter plot showing game development costs in US$ Millions from 1982 to 2007, with an orange dashed exponential trend line. Y-axis ranges from 0 to 80, X-axis shows years 1982, 1987, 1992, 1997, 2002, 2007. Data points rise sharply toward 2007, reaching about 65.)

http://arstechnica.com/articles/paedia/hardware/crossplatform.ars/2

# Business of Next Gen

- Next gen budgets start at $10 million and may go up to $50-100 million for some blockbusters by the end of this generation
- Team sizes are rapidly increasing
- Publishers are taking less risk because the financial investment is larger
  - Game market isn't increasing in line with the budgets

# This is Good for You

- △ Because team sizes are increasing, game companies are desperate for people
- △ Easier to get hired out of college
    - ◎ A lot more junior positions are available because experienced people are so hard to find
- △ Warning: Bad if you wait
    - ◎ Although game costs are increasing exponentially, the market isn't
        - ✦ Game companies will have to go out of business or downsize

# Effects of Increase Production Cost

- Tools are much more important
  - If you have 20 artists, 10 wasted minutes a day is a wasted man week of work a year
  - If you have 100 artists, that's over a wasted month of work
- The major bottleneck for next gen development is not technology – it's art
  - Worlds are getting larger, art is much more detailed
  - Normal maps, parallax maps, high res textures, lighting, reflection maps

# Tool Development

- C# is becoming increasingly popular
  - It allows rapid creation of fully functional UIs
  - Easy to develop for
- Maya/Max API
  - Plugins
  - Scripts

# Indie Development

- Indie PC development has been around since the beginning
  - PC market is pretty saturated, and declining
- Xbox Live Arcade
  - Playstation 3 and Wii will have something similar
  - Opens up a new audience to indie games
  - Cost of development low
  - Innovation and experimentation less risky
  - Rereleases are a reliable source of revenue

# Penny Arcade on Rereleases

- **Nintendo re-releases a lot of their "classics"**
- **Make a lot of money off of it**
- **Penny Arcade dated 9/15**

# Xbox Content Creator's Club

- Good way to get console game development experience
  - Some console developers have a stigma against PC developers
- Good way to get C# experience
- Potentially good way to get a game published
  - Going to be very difficult because the platforms are very controlled, and professionals are competing in this space also

# Games Industry != Hollywood

- Indie games are not the same as indie movies
- War of the Worlds had an estimated cost of $132 million
  - Ticket price about $10
  - Grossed $234 million in the USA (approx 1.8 times cost)
- Blair Witch Project had an estimated cost of $35,000
  - Ticket price about $10
  - Grossed $140.5 million in the USA (approx 4,000 times cost)
  - Worldwide gross is probably significantly higher along with DVD sales

# Geometry Wars



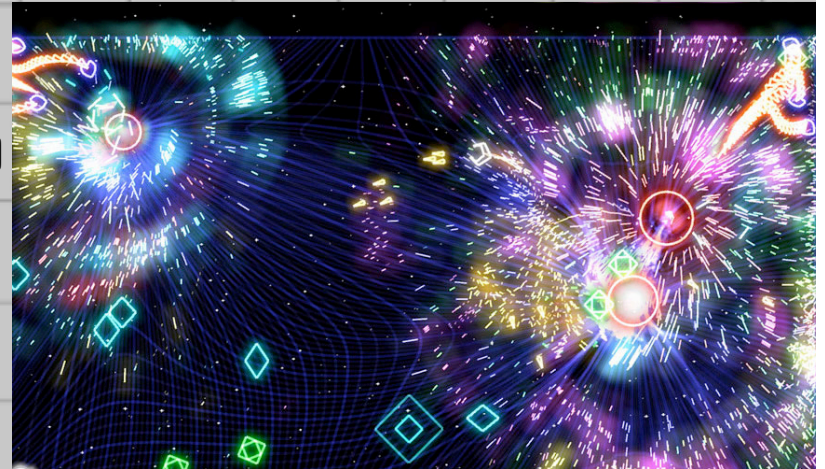- **241,312 users** (www.mygamercard.net)
  - **$2.4 million in sales**
- **Let's pretend**
  - **Geometry Wars makes $5 million in sales total**
  - **Geometry Wars cost $100,000 to develop**
  - **50 times profit**
  - **Still a success, but not as promising to amortize the losses of all the other unsuccessful games**

# Katamari Damacy



- Probably didn't have a big budget
- Sold over 350,000 in the US

# Let's Assume...

- Assume sold 350k in Japan too
- 700,000 * $10 profit on each = $7 million
- Assume development costs $2 million
- Assume advertising $1 million
- Profit $4 million
  - That's great but not enough to make up losses on a bunch of other games

# What Does This Mean?

- △ Experimental, innovative, quirky titles can be a success
- △ They are more of a risk than indie films because the investments are larger and the return is smaller

# Pyschonauts

# Psychonauts

- Terrific game (in my opinion)
- Sold about 100,000 copies in the US
- 4 years in development
- Publishers (Microsoft and Majesco) both probably lost quite a bit of money on it
- Risky games like Katamari Damacy don't make enough profit to make up for other risky failure
  - At least isn't perceived that way by shareholders

# Wii!

- Wii doesn't suffer from the same problems as next gen because it's current gen hardware

| | | Gamecube | Wii | Xbox | Xbox 360 |
|---|---|---|---|---|---|
| CPU | | 485 MHz PowerPC | 729 MHz PowerPC | 733 MHz Celeron | 3 3.2 Ghz PowerPC |
| GPU | | 162 MHz ATI (no shader support) | 243 MHz ATI (same chip as GC) | 233 MHz Nvidia (shader model 1.0+) | 500 MHz ATI (shader model 3.0+ |
| Main Memory | | 24 MB | 24 MB + 64 MB | 64 MB | 512 MB |
| Framebuffer memory | | 2 MB | 3 MB | - | 10 MB |
| HDTV | | 480p | 480p | 480p/720p/1080i | 480p/720p/1080i |
| Surround sound | | Dolby ProLogic II | Dolby ProLogic II | Dolby Digital 5.1 | Dolby Digital 5.1 |

# Wii Game Budgets



- Same or less than current gen games
  - Wii Sports looks simpler graphically than current gen games
- Because of cost and buzz, a bunch of the developers are jumping on it
  - Publishers may flood the market with low quality unoriginal titles and ruin the buzz

# Someone Else's Take on Wii

- Blazing Angels: Squadrons of WWII
- Call of Duty 3
- Elebits
- Excite Truck
- Far Cry: Vengeance
- GT Pro Series
- The Legend of Zelda: Twilight Princess
- Madden NFL 07
- Marvel: Ultimate Alliance
- Monster 4x4 World Circuit
- Need for Speed: Carbon
- Open Season
- Rayman Raving Rabbids
- Rapala Tournament Fishing
- Red Steel
- Super Monkey Ball: Banana Blitz
- Splinter Cell: Double Agent
- Tony Hawk's Downhill Jam
- Trauma Center: Second Opinion
- Wii Sports
- World Series of Poker



Penny Arcade dated 9/15

# Wii Gimmicks

- ◇ **Super Mario Galaxy**
  - ◉ **Move the cursor around the screen to collect stars**
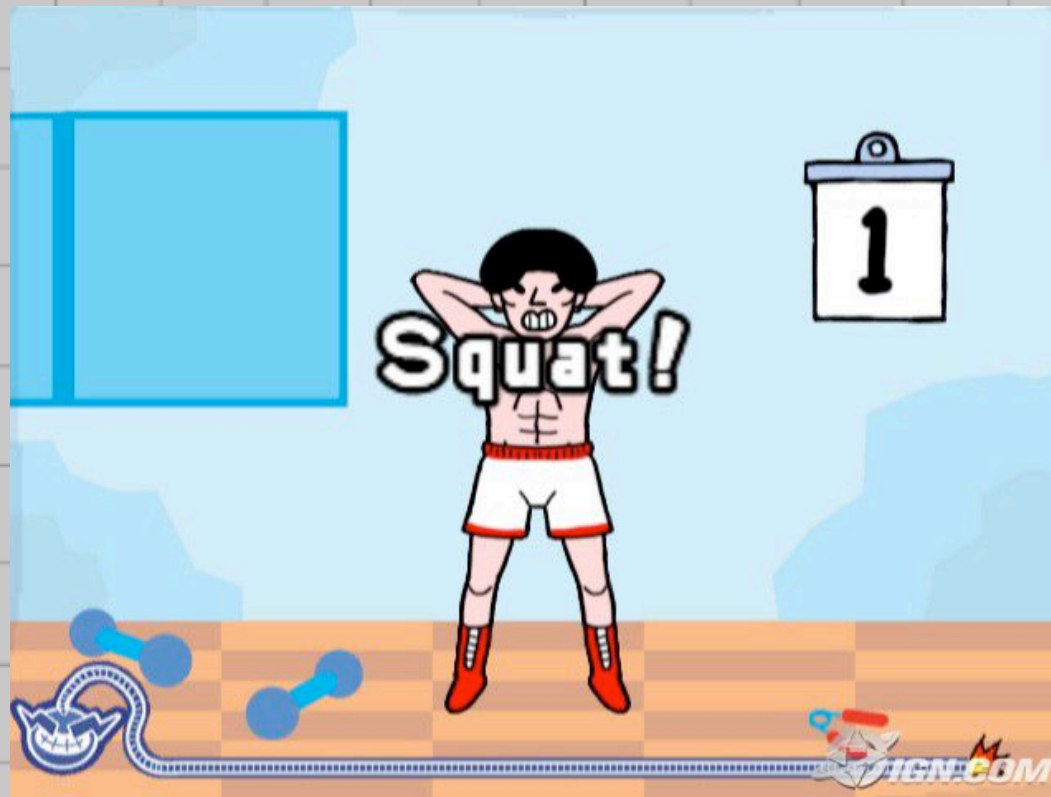  - ◉ **Shake the controller to punch**

# Wii Gimmicks

- Red Steel
  - Pull the nunchuck up to open a door
  - Hold your Wii-mote sideways the gun matches

# Wii Gimmicks

- WarioWare: Smooth Moves
  - Simple gestures are the minigames

# Wii Gimmicks

- Are these gameplay improvements?
  - Probably not...
- Does that mean there can't be innovation?
  - Of course not

# Will Wii Expand the Game Audience

- Publishers are always trying to expand the audience to get more money
- Nintendo is letting Sony and Microsoft fight over better graphics
- Trying to appeal to non-gamers
  - Women
  - 30+
- DS has expanded the audience in Japan
  - Not nearly as much in the US

# Managing Next Gen Budgets

- Two big movements
  - Sharing technology
    - Middleware
    - Company specific engine
  - Outsourcing
    - Locations with a cheaper cost of living
      - China
      - India
      - Boat off shore?

# Middleware

- Graphics: Unreal 3, Gamebryo, Renderware
  - No one wants to use Renderware anymore
- Physics: Havok, NovodeX
- Sound: Miles, FMOD, ADX
- Video: BINK, Softdec
- Network: Gamespy, Demonware
- UI: Gameface, Flash
- AI: Path Engine, SimBionic

# Using Other Tech != Making a Mod

- Middleware/shared technology gets you a certain set of features
- Many features (including ones at the engine level) need to be implemented
- Graphics middleware can give you a small or large set of features
  - May or may not be the features you want

# Rare's Xbox 360 Games

⬢ Perfect Dark Zero

# Rare's Xbox 360 Games

△ **Kameo**

# Rare's Xbox 360 Games

△ **Viva Piñata**

# Same Tech, Different Games

- Rare is probably using the same or a similar engine
  - Hardly mods
- Prey
  - More than a mod for Doom 3

# EA's Shared Tech Case Study

- EAGL – EA's Graphics Library
- Renderware 3.5/4.0
- Unreal 3
- Making tech general enough is difficult
  - Getting people to agree on it is even harder

# Electronic Distribution

- Pros
  - More money for developer/publisher (cutting retailers out of the picture)
  - You get the "current" version of the game
- Cons
  - Half Life 2's boxed version
  - Only hardcore people will download if it's in retail
  - No collectors
  - Sales model not perfected

# Industry Constantly Evolving

- Next year, this will be out of date
- Games are a relatively new medium
  - Film has been around for over 100 years
  - Over the history of film, the development model has changed
- We haven't settled on a development model

# You CAN Make a Difference

- △ It's a tough business
- △ That doesn't mean that you can't make a great game and change the industry for the better

# Future Development Models

- Wideload Games
  - Small core team
  - Extensive use of outsourcing
  - People are added and removed as needed
- Core tech
  - Plug and play
  - EA used Need for Speed's vehicle code for James Bond: Agent Under Fire

# Questions?