

THE STUDIO STANCE

MEGA-STUDIOS? BOUTIQUE STUDIOS? WHAT THE PUBLISHER'S METHOD COULD MEAN FOR YOU

» APPLY FOR A JOB AT ACTIVISION AND IT CAN MEAN CHOOSING AMONG *

Vicarious Visions, Raven Software, Neversoft Entertainment—or any one of nine different studios, each with its own unique work environment, its own approach to game development.

That's very appealing to creative people, says Guha Bala, president of Vicarious Visions. "People want to have a place where they fit in, that serves their unique needs, that's very comfortable for them ... and not necessarily be part of a large corporate entity. Of course, Activision is now a large company. But, at the same time, within the studio environment, within that creative environment, we're able to preserve the feel of a small enterprise."

Elsewhere, at Electronic Arts, the world's largest game publisher is building mega-studios out of once-smaller entities. Maxis and Origin have been incorporated into EA Redwood City and Westwood has moved to EA Los Angeles (EALA).

"If you put enough creative people in a single place," says Neil

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Young, vice president and general manager of EALA, "you're going to have the opportunity to inspire one another more frequently. That is at the heart of our philosophy."

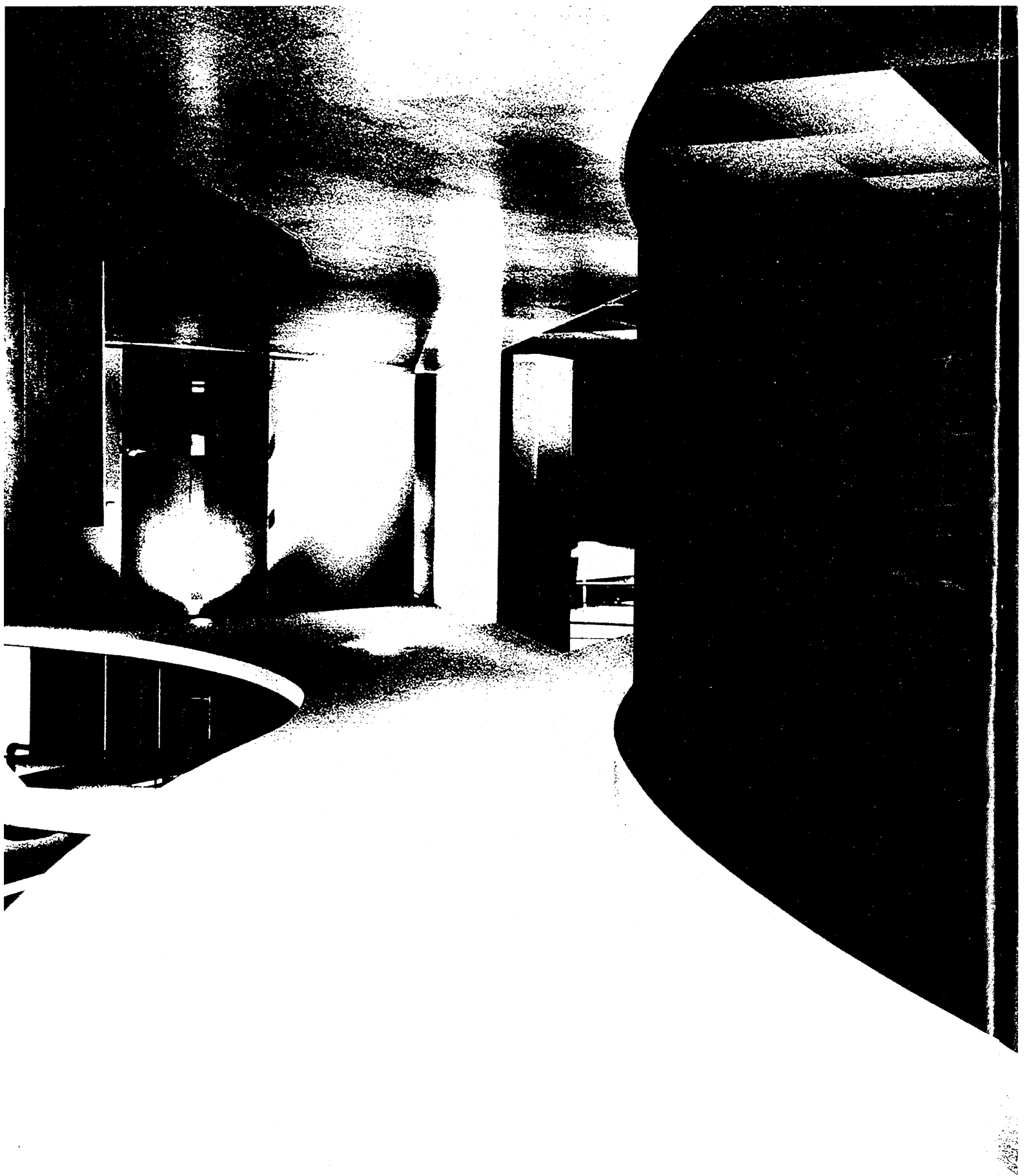
Activision and EA have faith in two very different management philosophies. With a little bit of generalization, one can theoretically sort today's leading game publishers into one of the two camps: those like EA, Midway, and Ubisoft that use a more centralized approach to acquire and then rename studios, and those like Activision, THQ, and Atari that use a more de-centralized approach to buy studios and then let them remain separate and retain their own identities.

EA: FROM PODS TO CELLS

EALA, with more than 425 employees, is home to such franchises as MEDAL OF HONOR, COMMAND & CONQUER, THE LORD OF THE RINGS, and GOLDENEYE. The studio was formed by fusing three EA branches together: EALA [formerly DreamWorks Interactive], Westwood Studios, and EA Pacific. Last year, Neil Young left his post as general manager of Maxis, birthplace of THE SIMS, to take the helm at EALA.

Young describes his studio as the one inside the EA system needing "the most help in terms of trying to unlock not just executional productivity, but creative productivity."

"What we're trying to do is stock our studio with as many creative, talented people as possible," says Young, "and give them everything they need to do what they dreamed about doing when they first got the notion of being in the games business. That requires you to think very



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differently about how you build your organizational structure.”

Young's goal is to take the current system of using interdisciplinary teams—called pods—of five to 30 people and transition to what he calls a homegrown “cell” system of seven people or less, based on the model renowned game designer Will Wright developed for his *THE SIMS* team. EA maintains that cells work best when interdisciplinary.

“The pod structure is phenomenal for executional productivity,” explains Young. “It enabled us to build *RETURN OF THE KING* in 10 months with 177 people and earn a MetaCritic score of 85. But it doesn't necessarily unlock the creative potential of every single person in your organization. If you think about pods as orchestras, think about cells as rock bands, small groups of people out of which spins creative energy.” [See p. 37 for Alan Yu's Business Level column about cells and prototypes at EALA.]

Since no EA game has yet gone through its entire lifecycle utilizing the cell approach, Young is unable to report its success. But he confirms that “it is creating a new and more nimble operating environment in which you're trying things and they are working and you're building upon them, or [they're] failing and you're restarting or collapsing the cell. This structure enables you to very quickly decode where the bottlenecks are, who the super-nodes are, and what the challenges are in terms of getting your software completed. If we're successful, we'll take our strategy and move it to the other studios in our system.”

While Young says he's free to organize, motivate, and drive EALA, the mega-studio shares a common set of general processes, operating structures, and roles and responsibilities with the other EA studios. All are working toward adopting the Renderware platform that the company inherited when it purchased UK-based middleware provider Criterion in July 2004. And all of EA's studios are committed to what the company calls its “X Process,” a production practice that has teams focus on the features of a game prior to going full-speed ahead on a project. So the team builds one level of a game before the studio commits to the project entirely to make certain everyone understands what the game

involves.

Young tries to foster an esprit de corps at EALA by bringing the entire studio together every other week to talk about progress and strategies. Likewise, 35 studio leaders at the company occasionally meet to talk about business and listen to guest speakers. Young says the philosophy at EA is not for each studio to compete with its siblings, but to band together under the EA parent name—for, among other things, the investor's sake.

“At the end of the day, we're all one company, and we have a responsibility to shareholders, customers, and our employees to make the best games we can possibly make,” stresses Young. “Sometimes competition can kind of cloud that. So we think more about collaboration than competition.”

How do the developers at EALA react toward his programs?

Young is blunt: “If you're not someone who wants to participate in that type of vision for the organization, there are probably different places for you to work, either inside EA or elsewhere. But if you're the type of individual who is committed to being a great games maker, I want to create the place where you want to be.”

UBISOFT: STUDIOS NEAR AND FAR

At Ubisoft, Christine Burgess-Quémar, executive director of worldwide studios, looks at the company's 13 studios—ranging in size from the 11 developers at Blue Byte in Germany to 1,000-plus employees at Ubisoft Montreal—and sees a mixture of centralized and de-centralized management. For instance, when Ubisoft acquired Microids Canada (makers of *SYBERIA II*) in March, the entire 30-person staff was folded into Ubisoft's massive Montreal studio. “It would have been a bit ludicrous to keep a small group of 30 people next door to a studio of over 1,000,” Burgess-Quémar says.

Ubisoft also centralizes the expertise of its studios and their knowledge management. All planning, staffing, technical hurdles, expenses, and personnel data is sent to the company's Paris headquarters where Burgess-Quémar's team provides the support needed by the studios to reach their annual objectives.

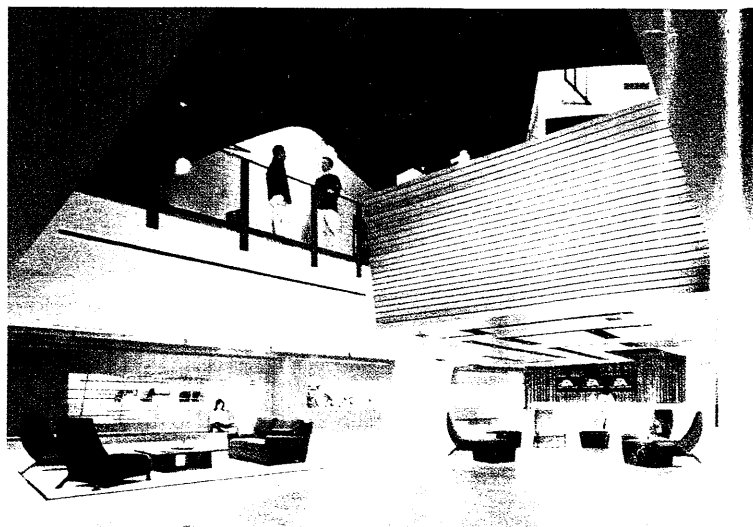
Ubisoft doesn't have an infrastructure in place to facilitate communication among its studios, but that may be indicative of their global nature with locations in such diverse spots (and



Neil Young, Electronic Arts
Los Angeles



Steve Reid,
Red Storm Entertainment



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Christine Burgess-
Quémard, Ubisoft

time zones] as Casablanca, Bucharest, Milan, and Shanghai. Instead, Ubisoft's Technology Board—a panel of technical experts from all its studios—stays up-to-date on the latest hardware and software, and serves as advisor when needed.

Otherwise, says Steve Reid, executive vice president of Red Storm Entertainment, Ubisoft's studios are pretty much on their own to meet the goals for which they were acquired. Reid helped found Morrisville, N.C.-based Red Storm in 1996, four years before it was purchased to help round out Ubisoft's catalogue. The studio's expertise was—and still is—making the squad-based, tactical shooter games for the TOM CLANCY franchise.

Reid says that the interaction among Ubisoft's studios is typified by the fact that Red Storm has shared its strengths with its co-developers, which have benefited from the experience.

"The Montreal studio was able to take the same drama of the CLANCY titles and create the SPLINTER CELL line," he notes, "which is based on many of the same principles but within a single-player, stealth action genre."

Other than being on the receiving end of suggestions from Paris about best practices and tools, Red Storm continues to function today pretty much as it did before being acquired, says Reid. "We still use our own products, tools, and engines; there are no restrictions on us."

What has changed is that Red Storm encounters far fewer hurdles today than previously. "Prior to being acquired, we had many more distractions from producing games," Reid notes. "Now, we're no longer spending time going after contracts or chasing down money from distributors or partners. We focus solely on creating the product. We may be a little more limited in the time we have to experiment, but we already enjoyed a successful run on making this type of game before we were acquired. Now, we're just getting the chance to do more of what we originally intended to do when we formed Red Storm."

Another advantage to being part of a large publisher is the ability to share information and people. Red Storm will occasionally ask for a specialist to come in for a few weeks or months and work as part of its team. Even rarer are long-term transfers over multiple years.

The trick, says Reid, is sharing information while disturbing



daily business the least. "To function as a robust and profitable studio, I can't be needing help every day of the week. I want to have the stability in workforce of an independent studio but have all the benefits of being a wholly owned subsidiary."

At the moment, Red Storm, which employs 130 people, is working on three projects simultaneously, and the company is undergoing "casual growth."

"We're pretty much a hands-on management," says Reid. "At this size, we feel more like developers than managers. I know everyone in the building and there are never so many products that management is distant from the teams."

He describes Red Storm as the perfect example of an acquisition done right: "We've survived as a studio and, now that we're five years into it, we're still doing business the way we had intended to. I think we've proven that acquisitions don't always have to be painful."

THQ: NO FAILURE TO COMMUNICATE

In marked contrast to EA and Ubisoft, THQ is a publisher that believes smaller is better. Of its 10 studios, seven are domestic, Relic Entertainment is Canadian, and both Studio Oz and Blue Tongue are Australian. The average staff size is 100. The ideal size, says Jack Sorensen, executive vice president of worldwide studios, is between 150 and 250, which would enable three simultaneous projects at various stages. And, if any studio grows beyond 250, Sorensen says he would seriously consider dividing it in two.

"I can't even imagine a studio of, say 1,600 people, like EA Canada is," says Sorensen. "[If we were] at EA, our studio would be viewed as something that needs to be integrated and shut down because it's too small."

Sorensen came to THQ three-and-a-half years ago after spending a decade at LucasArts, where he was president for six years. His philosophy is to centralize what can easily be centralized and that which benefits the whole—like finance, legal, and purchasing—and leave game development alone.

"EA likes to standardize those things. I don't," says Sorensen. "They'll say that you need to have a development director, a senior development director, and three people on a project of such-and-such size. They'll dictate how each project is organized and mandate the headcount, kind of like a military operation. I leave that up to the studios."

Indeed, Sorensen admires the way each of his studios has its own unique production methods.



Ron Moravek,
Relic Entertainment



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"Each of our studios has a strong culture, and each has a strong identity with the particular region where it's located, which is a big issue," he says. "We're firm believers that people like to live where they live, and so I don't move people around unless it's at the request of the individual. That's in marked contrast to a number of our competitors."

As a result, each studio has its own human resources person who, at the urging of the studio heads, communicates frequently with his or her counterparts in other studios. "I didn't want a single recruiting operation because so much recruiting is done locally, which is one of the strengths of having a dispersed studio system," Sorensen says.

According to Ron Moravek, communication is one of THQ's strengths and is a reflection of the faith the corporation has in its studios. Moravek is the general manager of Relic Entertainment, the Vancouver-based developer acquired by THQ last May and best known for the *HOMEWORLD* series of real-time strategy games.

"The great thing about Jack [Sorensen] is that he never forgets that the reason THQ bought each of its studios is that the company considered us experts in our given fields," he says. "So whenever he urges us to do something, it's more like 'What do you guys feel about this?' and then we debate it. I can't recall a

time when anything has been imposed on us that we didn't like—other than THQ expense forms."

Moravek describes a period in which the eight-year-old studio considered acquisition offers from various publishers, and Relic finally settled on THQ. "We spoke to our various contacts in the industry and heard that THQ was great to work with, that it would try to do everything to leverage our strengths and support our weaknesses. And it wasn't about to say, 'We love what you're doing,' and then shut us

down and move us to some mega-studio where we'd have to work on, say, a *SpongeBob SquarePants* RTS."

ACTIVISION: SUBTLE CHANGE IN THE WIND

In the mid- to late-1990s, Activision had built up a fairly large internal studio, recalls Guha Bala, president of Vicarious Visions, the studio which recently built *DOM 3* for Xbox. But, finding it difficult to manage a high-performance, creative enterprise in a large company environment, Activision began an experiment

after acquiring Raven Software in 1997.

"It basically let Raven run relatively autonomously," recounts Bala, "and the model worked so well that Activision continued to identify developers that are best in class in certain types of games and to acquire them, allowing them to continue building on their successes." Indeed, that is the story of Troy, N.Y.-based Vicarious Visions, which became part of Activision in January.

"One of the biggest issues when developers are acquired is they lose their entrepreneurial flair," explains Bala. "They become part of a big company and don't have the same kind of survival orientation

that makes them excellent developers."

But apparently there are some changes in the wind.

"As we transition to next-gen technology, if everyone starts reinventing the wheel independently, that's not such a good thing," he says. Bala believes that Activision is trying to balance out its autonomous independent studio model with increasing collaboration among studios in terms of technology development, outsourcing resources, and other shared services.

"It's very much a collaborative approach among the studios as opposed to a top-down 'here's how it's going to be' approach," he adds.

For Vicarious Visions, the move toward centralization means there will be a real opportunity to learn from the other Activision studios, says Bala, which will be facilitated by several ongoing projects, including a studio architecture initiative designed to create an effective IT system among studios. A high-speed network is in development that will allow for data transfer, video conferencing, and a range of different tools to allow for more effective communication.

In the meantime, Vicarious Visions—currently with a staff of about 110—is planning for growth, still continuing to work under the Activision banner.

"During negotiations with Activision, we didn't promote a broad awareness internally of the direction we were headed," Bala recounts, "but when we finally made the announcement, our employees were very happy we'd chosen Activision as our partner. We'd done over 20 products for them over a five-year period, and it was evident that there was a great cultural compatibility between the two companies."

TRIAL-AND-ERROR APPROACH

Looking ahead, if there's a trend taking shape—with an emphasis on further centralization or de-centralization—it's not apparent to studio heads interviewed for this story.

"There's just no consistent pattern," declares Bala, observing that most companies are trying to strike a balance between the two extremes. "The games industry is no different from any other industry in which there may be a number one, a number two, and a number three player," he says, "all of them healthy companies, but each having achieved their success in a unique manner."

"In fact, that uniqueness is very important. If all companies had an identical approach to labor policies and such, well, it wouldn't give game developers much of a choice, now would it? As things stand, if you're a game developer, whichever approach appeals to you, there are options available." ::



Guha Bala,
Vicarious Visions

