

# CREATIVE REPORT

**Generating and  
cultivating popular  
IPs  
Promoting an  
enhanced digital  
strategy**

**Yoichi Egawa**

Director and Executive Corporate  
Officer in charge of Development  
Divisions and Pachinko & Pachislo  
Business Divisions of the Company

\*Background: The Foley Stage is where the various sound effects for games are recorded and produced. The diverse floor surfaces and myriad recording tools make it possible to recreate any number of scenes. Using the same techniques that are used in recent Hollywood movies, we are able to produce high quality game sound offering an even more immersive experience.

### 1 Overall development policy

As we usher in the age of cloud computing and 5G, the global trend of being able to play games anytime, anywhere is accelerating. Furthermore, with the spread of social media, anyone can be an influencer, and the formula for turning a game into a hit is also changing. In this environment, it is essential that we develop games while taking into consideration expanding online services and coordinating with marketing divisions. Meanwhile, it remains crucial that we continue to produce one-of-a-kind content that can be successful in the global market.

Capcom aims to be the world’s best game content company. It goes without saying that we are putting great effort into producing games of world-class quality, but we are also striving to create fans via ongoing services that continuously stimulate user interest with strategic digital sales and the steady release of additional content to support that quality.

On top of the know-how we have amassed thus far, looking to the future, we are challenging ourselves to create games that will pioneer the next generation of Capcom quality with visual technology that produces impactful graphics and improved network technology that supports various devices and cross-platform play.

### 2 Development strategy

Based on our medium-term goals, as the head of development, I am striving to fulfill my revenue responsibilities by allocating 80% of the development investment budget to steadily developing popular IP series such as *Resident Evil* and *Monster Hunter* for various platforms. At the same time, we are also working on creating new IPs utilizing the talent pool we have expanded through our proactive hiring efforts. Most recently, we announced the action adventure title *PRAGMATA* for the new generation of consoles, and we are making steady progress on its development. Our proprietary game development engine, RE ENGINE, is an integral part of Capcom’s content development. RE ENGINE is an outstanding game engine that not only makes it possible to develop high quality games while reducing development costs, it maximizes the performance of each piece of hardware. For example, in *Monster Hunter Rise* it enables seamless cooperative play without interruptions due to data loading. We will continue to evolve this proprietary engine while promoting Capcom’s unique approach to game creation.

Further, we will drive our customer management to understand the playing trends and preferences of users while also building a business model for online operations, taking into account the situation of our free additional DLC for titles such as *Monster Hunter Rise* and *Resident Evil Village*.

### 3 Cooperative technology approach

I believe that hit titles are not the product of chance, but that they are the result of the entire development organization’s collaborative efforts.

Game development at Capcom takes place on a large scale. One team can consist of more than 300 people. That is why we need an organization that is optimized for sharing knowledge and technology. In that respect, the division of Capcom that performs technology research, which is the foundation for title development, is the key to our success. RE ENGINE, which was created by the R&D Foundational Technology Department, made its debut with *Resident Evil 7 biohazard*, and most recently it was utilized in *Monster Hunter Rise*. These two brands are different in terms of both game characteristics and user demographics. In order to fully express the respective characteristics of each title while adapting them for multiple platforms, those in charge of technical development transcend departmental boundaries in their engagement with title development teams to provide the optimal development environment for each title. One of the biggest advantages of using a proprietary engine is that it provides an environment that allows our development team to focus on high quality game creation.

*Monster Hunter Rise*, which was developed in this environment, exceeded expectations in sales and has been well received among users. Going forward, we will continue to create high-quality titles that win over players across the globe by maximizing and evolving the use of RE ENGINE in our world-class development environment.

### 4 Training developers

The starting point for creating an interesting game is people. At Capcom, we believe game development is the development of people, so we focus a lot of effort on hiring, training, and advancing our human resources. In terms of hiring, since 2013, we have strategically hired approximately 100 developers each year, and we soon plan to have 2,500 people in our ranks of developers. Newly hired young employees are given the chance to acquire know-how and skills through hands-on experience in the field as they are assigned to the development of popular IPs and major titles. *PRAGMATA* is just one such endeavor for our young employees. I feel that incorporating the youthful sensibilities of digital natives adds a new appeal to IP. In addition, the framework we have introduced ensures that that our highly capable younger employees are supported and trained by their teams so that for the next title they work on, they can take on the role of a core member leading its overall development. In this way, we are steadily training the next generation of leadership candidates.

Development amid the COVID-19 pandemic continues to be a series a of trials and errors, as it was last year, but the pursuit of something through trial and error is also the very essence of craftsmanship.

We will never give up on our commitment to create entertaining games so that even more people around the world can experience Capcom’s content.

■ Home video game software sales trends (units in ten thousands)

(Years ended March 31)

Total unit sales		2018		2019		2020		2021 (Actual)		2022 (Plan)	
		2,440		2,530		2,550		3,010		3,200	
● <i>Monster Hunter: World</i>	790	● <i>Monster Hunter: World</i> (catalog title)	450	● <i>Monster Hunter: World: Iceborne</i>	520	● <i>Monster Hunter Rise</i>	480	● <i>Resident Evil Village</i>			
● <i>Resident Evil 7 biohazard</i> (catalog title)	160	● <i>Resident Evil 2</i>	420	● <i>Monster Hunter: World</i> (catalog title)	320	● <i>Resident Evil 3</i>	390	● <i>Monster Hunter Stories 2: Wings of Ruin</i>			
● <i>Marvel VS. Capcom: Infinite</i>	100	● <i>Devil May Cry 5</i>	210	● <i>Resident Evil 2</i> (catalog title)	240	● <i>Monster Hunter World: Iceborne</i> (catalog title)	240	● <i>Monster Hunter Rise</i> (catalog title)			