



# Taking on the global market as a Japanese hit maker armed with world-class quality.

**Yoichi Egawa**

Director and Executive Corporate Officer  
In charge of Consumer Games Development and Pachinko & Pachislo Business Divisions of the Company

## Bolstering Development Personnel

Top core members

Repeated achievements

Core members

Selected to direct rereleases or other titles

Mid-career and younger employees (core training framework)

Training programs Support from more senior members

New graduates



## Outfitting Our Development Environment

### Enhancing our development studios

Concentrate development divisions, increase mobility and leadership

### Proprietary development tools

RE Engine enhances quality and development efficiency

### Adoption of latest technologies

World-class, cutting-edge 3D scanning, motion capture and VR



The world's most entertaining games



**Bolstered title lineup**





### Development Policy

## Aiming for sustainable growth by creating and developing popular IPs

In the past three years of overseeing development, my goal has been to ensure the world's highest quality, working under the philosophy of standing up and facing whatever may come. The missions we focused on achieving this fiscal year were (1) producing both world-class quality and profitability, (2) creating hit mobile titles, (3) supporting development in pursuing esports and a long-term sales model, and (4) strengthening network technology for multi-player competition and the like.

Regarding item (1), following *Monster Hunter: World (MH:W)*, *Resident Evil 2* and *Devil May Cry 5* were also highly acclaimed. Our Mobile Department, which integrated in 2017, has taken the lead on (2), promoting development both within Capcom and with partner companies, and creating a foothold ahead of upcoming title releases. For (3), the *Street Fighter League* has begun and various esports activities are underway with *Street Fighter V* as the primary point of focus. In terms of long-term sales, we are building a track record of sustained sales with the growth of digital sales for *MH:W*, which achieved 12.4 million units cumulatively. Regarding (4), we are strengthening our technology, including boosting our pool of talent. The results of our efforts have contributed to two consecutive years of record high profits.

Going forward, in addition to traditional models, it will be important to work with diversified platforms, given the rise in cloud gaming service providers and the expansion of PC store channels. To that end, we are striving to establish a foundation and enhance and improve our network environment for these new services and next-generation game consoles.

IP creation and development are also consistently subjects of discussion, and we will continue to evolve to meet the players' expectations.

In development, it is crucial that we not cut corners in our craftsmanship while maintaining strict control over expenses. We are constantly scrutinizing our work to safeguard against ineffectual investment, while at the same time analyzing the market as we look for new global opportunities.

### Development Organization Characteristics

## Game development engines evolve in-step with games; maintaining an environment that enables the pinnacle of craftsmanship

One of Capcom's greatest game development strengths is that we have a proprietary game development engine, the RE Engine. Because we can update specifications according to our titles' evolving requirements, this toolset allows us to operate a flexible and effective work environment optimized for our games, while creating photorealistic graphics. In addition, we maintain world class, cutting-edge facilities and have been actively investing in our development equipment and R&D buildings. When creators and engineers team up in an environment such as this, they can achieve the highest quality in the world. → For details, see p. 38 of the 2017 Integrated Report.

### Training Developers

## Assigning younger employees to work on popular IPs; carrying on Capcom's tradition of craftsmanship

Since 2011, Capcom has hired more than 100 new graduates as developers each year with the aim of building an organization of 2,500 developers by 2021. In order for us to both pass down the DNA we have cultivated on 20- and even 30-year-old IPs to the next generation of creators, while at the same time providing a catalyst for the evolution of our technology and world-class development prowess through these same young developers, we deemed it necessary to focus on in-house development.

In training young employees, we sometimes assign them to development teams working on major IP, where they can grow while gaining experience and know-how right at the cutting edge of the industry. We have also established a system to train highly capable young employees under the supervision of a supportive team, with the aim of training them up to core member status, where they would then take the overall lead on their next assignment.

This is how the development mechanism we have cultivated and the intellect of the creators we have trained crystallize to generate games that delight players the world over. It is the very essence of Capcom's craftsmanship.

### Main Pipeline (Plan for Fiscal Years 2016–2019)

Excludes unannounced titles as of August 31, 2019

Brand	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ending March 31, 2020 (plan)
<b>Resident Evil</b>	<ul style="list-style-type: none"> <li>● Resident Evil 7 biohazard</li> <li>● Resident Evil 4*</li> <li>● Resident Evil 5*</li> <li>● Umbrella Corps</li> </ul>	<ul style="list-style-type: none"> <li>● Resident Evil Revelations*</li> <li>● Resident Evil Revelations (NSW)</li> <li>● Resident Evil Revelations 2 (NSW)</li> <li>● Resident Evil 7: biohazard Gold Edition</li> </ul>	<ul style="list-style-type: none"> <li>● Resident Evil 7: biohazard Cloud Version (NSW)</li> <li>● Resident Evil 2</li> </ul>	<ul style="list-style-type: none"> <li>● Resident Evil (NSW)</li> <li>● Resident Evil 0 (NSW)</li> <li>● Resident Evil 4 (NSW)</li> <li>● Resident Evil 5 (NSW)</li> <li>● Resident Evil 6 (NSW)</li> </ul>
<b>Monster Hunter</b>	<ul style="list-style-type: none"> <li>● Monster Hunter XX (Double Cross)</li> <li>● Monster Hunter Stories</li> </ul>	<ul style="list-style-type: none"> <li>● Monster Hunter: World</li> <li>● Monster Hunter Generations Ultimate (NSW)</li> <li>● Monster Hunter Stories (ver. 1.2)</li> </ul>	<ul style="list-style-type: none"> <li>● Monster Hunter: World (PC)</li> </ul>	<ul style="list-style-type: none"> <li>● Monster Hunter World: Iceborne</li> </ul>
<b>Street Fighter</b>		<ul style="list-style-type: none"> <li>● Ultra Street Fighter II: The Final Challengers</li> <li>● Street Fighter V: Arcade Edition</li> </ul>	<ul style="list-style-type: none"> <li>● Street Fighter 30th Anniversary Collection</li> </ul>	
<b>Devil May Cry</b>		<ul style="list-style-type: none"> <li>● Devil May Cry HD Collection*</li> </ul>	<ul style="list-style-type: none"> <li>● Devil May Cry 5</li> </ul>	<ul style="list-style-type: none"> <li>● Devil May Cry (NSW)</li> </ul>
<b>Mega Man</b>		<ul style="list-style-type: none"> <li>● Mega Man Legacy Collection 2</li> </ul>	<ul style="list-style-type: none"> <li>● Mega Man 11</li> <li>● Mega Man X Legacy Collection</li> <li>● Mega Man X Legacy Collection 2</li> <li>● Mega Man Legacy Collection (NSW)</li> <li>● Mega Man Legacy Collection 2 (NSW)</li> </ul>	<ul style="list-style-type: none"> <li>● Mega Man Zero/ZX Legacy Collection</li> </ul>
<b>Total</b>	<b>6 titles</b>	<b>11 titles</b>	<b>10 titles</b>	<b>Over 8 titles</b>

Notes 1. \*Indicates rereleases for current generation game consoles 2. NSW: Nintendo Switch





# Monster Hunter World: Iceborne, a massive expansion for MH:W, is set to shake up the global market once again

Ryozo Tsujimoto

Managing Corporate Officer, Head of Consumer Games Development Division 2 and Mobile Online Development Division

He has served as producer of the *Monster Hunter* series since the 2007 launch of *Monster Hunter Freedom 2*. As producer of *Monster Hunter World: Iceborne*, he oversees all aspects of the title.

## The “Monster Hunter Craze” spreads globally

“We are going to knock the world off its feet with the new *Monster Hunter*, developed with cutting-edge technology.” This was the spirit with which *Monster Hunter: World (MH:W)* was released in 2018. Just as before when *Monster Hunter* became a national phenomenon in Japan, it was players getting together, inviting friends and having a blast while hunting that resulted in more than 12.4 million games shipped globally, as of March 31, 2019. This is a record-high for a single title in Capcom history. Further, fans posting their gameplay videos on social media has inspired newcomers to join in the fun, resulting in continued sales growth (predominantly of the digital version) even today.

At E3 and similar events throughout the world, I got a strong sense that *Monster Hunter* had been accepted by the gamers of the world, and that we’d generated high



expectations for a new experience in many of our fans. In answer to this, we launched *Monster Hunter World: Iceborne (MHW:I)* in September.

## New names and new features: the MH:W sequel is ready for the world

With *MH:W*, in order to grow *Monster Hunter* into a global brand, the game underwent a variety of changes and adjustments, including a transition to home



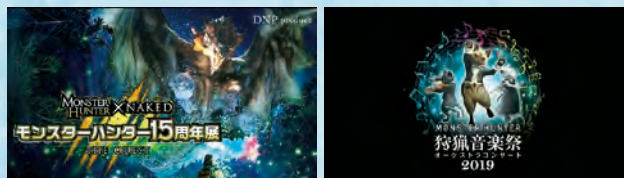
consoles. As a result, it succeeded in becoming Capcom’s best-selling game in history—however, that is not where this story ends. *MHW:I*, which is the equivalent of the conventional expanded “G” versions of past titles in the series, will further drive growth for the brand. After listening to various opinions from players in Japan and overseas, we not only changed the name of the “G-rank” to “Master Rank”





From domestic favorite to global hit; celebrating 15 years of the *Monster Hunter* series

The *Monster Hunter* series consists of hunting action games that pit players against giant monsters in a beautiful natural environment. In 2007, the release of handheld title *Monster Hunter Freedom 2* ignited a phenomenon known as the “Monster Hunter Craze” in Japan. While the concept of an action game “played together” remains the same, the method of play has evolved over time, along with game consoles and internet connectivity. Released in 2018, *MH:W* has recorded the highest number of game shipments in Capcom history.



Highest in Capcom history  
**13.1 million** shipments worldwide!  
(as of June 30, 2019)  
*Monster Hunter: World (MH:W)*



Main game | Upgraded versions (G-rank)

In addition to numbered titles, the series has also featured “G” versions, which offered a variety of additional elements and more challenging “G-rank” monsters. Beginning with the *MHW:I* expansion, G-rank will be known as “Master Rank.”

to make it more easily understandable worldwide, but also added a new in-game action, the “Clutch Claw,” and a new area, the “Hoarfrost Reach.” We also implemented a number of new elements, such as making the new headquarters more compact and adding a difficulty level specifically for two-player hunts so that players can enjoy the excitement of the game while also enjoying the *Monster Hunter* experience best suited to them.

**Expanding purchasing options with download content**

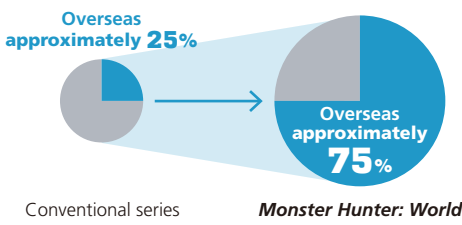
With *MH:W*, the percentage of *Monster Hunter* users who purchased the digital version increased significantly across the globe. To meet these expanded needs, for *MHW:I* we are offering the game as a massive expansion that players can purchase and download. Of course, for players who are new to the hunt, we have a range of offerings, including a Master Edition set consisting of *MH:W* and *MHW:I*.

The series celebrates its 15th anniversary this year. While we build upon the game going forward, we will continue providing enjoyment to players, spreading the love for *Monster Hunter*

around the world and working to exceed the expectations of our fans.

**Evolving into a global brand**

We made a full-scale advance into the overseas market in 2015 with the release of *Monster Hunter 4 Ultimate*, achieving a combined 1 million units in sales in Europe and North America for the first time. Since then, fans around the world have increased in number, with overseas accounting for more than 70% of sales on *MH:W*.







A rapidly growing new kind of entertainment culture

# From fun and games to fierce competition: Taking hold of the wildly popular esports business through *Street Fighter*

**Nobuhiko Shimizu**

Corporate Officer, Head of eSports Business Division

Joined Capcom after producing social games and holding management positions. Now aims to integrate esports business strategy and event operations to promote the development of an ecosystem in esports.

## Following overseas, we look to establish an ecosystem for esports in Japan with *Street Fighter*

As a leader in esports, it is the current mission of our eSports Business Division to build out an ecosystem leveraging our versus fighting game title *Street Fighter*.

An ecosystem is a framework in which all stakeholders can broadly coexist and prosper in terms of management and services. For example, we envision a system like professional baseball and soccer, in which esports grows as a business and where professional players, teams, leagues, management and operations organizations, sponsors, distribution and broadcasting media, fans, and spectators can all enjoy and benefit from esports. In North America, such a system has begun to take hold, and in 2018 the global market grew to 90 billion yen, but the esports market in Japan is still in an early growth phase. Capcom is taking the lead in establishing this system, hoping to give esports in Japan a boost and expand even further globally.

## Realizing early on games had potential as a sport, Capcom made it fun for spectators from the start

Capcom has been holding tournaments for the enjoyment of watching as well as playing games since before “esports” was a word or even a concept. The players who won the national qualifying rounds of the *Street Fighter II* tournament in 1992 battled for the title of Japan’s No. 1 player at Ryogoku Kokugikan.

It was really the enthusiasm of the many overseas fans that ignited the flame beneath *Street Fighter* as an esports. In 2013,

the Capcom Cup was first held in North America, and each year thereafter it grew in popularity, boosted by brilliant stage production, live coverage, and video distribution of the intense player battles.







A new form of entertainment, the market for esports is rapidly growing, with the domestic market reaching 4.83 billion yen

2018 was known as “year one” for esports in Japan. The Japan eSports Union (JeSU) was established creating a framework to promote esports systematically as an industry. The market has entered a new phase with the introduction of professional players and corporate teams, as well as esports clubs being recognized as high school club activities.



Capcom's esports timeline



**First a national pastime that unites players across the country, then a sport that captivates the world**

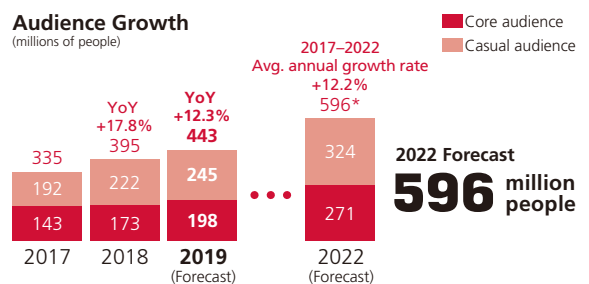
Currently, we hold events both domestically and overseas for professional and amateur players. As part of this, Street Fighter League: College-JP 2019, at the university level, and Rookie's Caravan 2019, held in six cities around the country, are gateways to our premier league in Japan, Street Fighter League: Pro-JP. We believe that these tournaments serve to discover talented players and will lead to the launch of local professional teams, driving the popularity of esports from a regional level.

Another advantage of esports is that factors such as age or physical disabilities can be overcome. At a tournament held in the U.S. during spring 2019, the winning team had a member who was unable to use his arms and legs, and instead used a special controller operated with his tongue.

There is still much to be done, but the management team is passionate about their support of this business. As we explore the potential of esports in North America, Europe, Japan and the Asian region, the day we hold an esports event on a global scale is not far off.

**Fun to watch: the growth of esports spectators**

With the spread of the internet, global viewership is expected to grow from approximately 300 million people in 2017 to roughly 600 million people in 2022, with a double-digit annual growth rate over the five years. Casual viewers account for more than half of all viewers, and it is expected that watching esports as entertainment will become a common phenomenon.



\* Numbers have been rounded off to the nearest million.

\* Source: ©Newzoo 2019 Global Esports Market Report, June 2019