CAPCOM
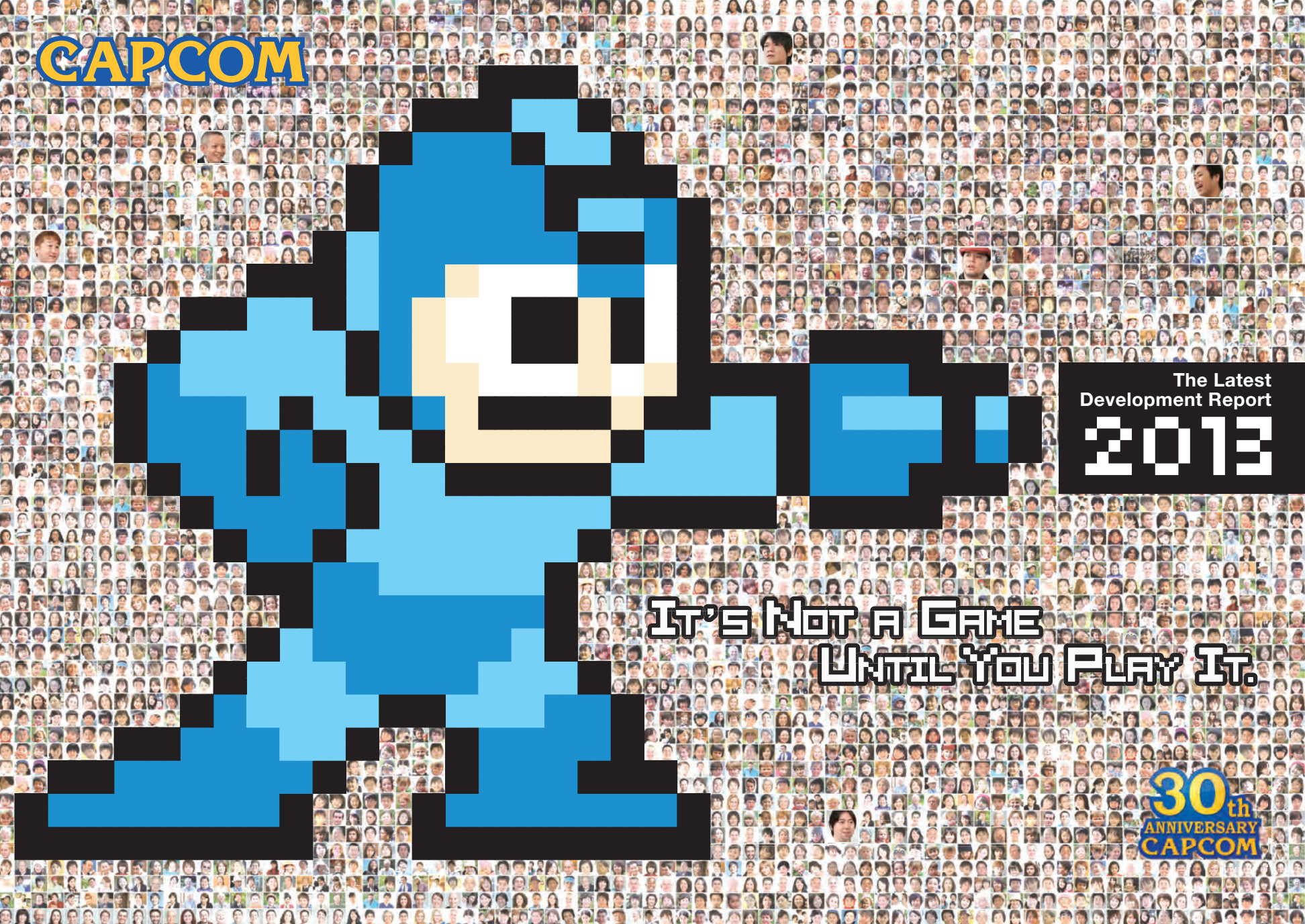
The Latest
Development Report

2013

It's Not a Game
Until You Play It.

30th
ANNIVERSARY
CAPCOM

KATSUHIKO ICHII

The one thing that users demand of a game is to be able to spend an enjoyable time. Capcom continues to pursue challenges without compromise so as to provide excitement in different ways for each and every person.

Home video game	Mobile contents	PC online	Downloadable content

Capcom titles have been designed so that users can enjoy them on various platforms depending on the situation and time.

Deliver games that fit the environment the user is in

Capcom celebrated 30 years in business on June 11, 2013. Since our earliest days, we have continued to release original, standout content worldwide while anticipating the next generation of the game industry, which has changed time and time again, for example with the shift from arcade games to home video game consoles and the advent of the smartphone. And now we are entering a period of new change. Platforms for enjoying games have expanded to tablets, smartphones and other portable devices in addition to game consoles. Selling methods for games have also diversified from package sales to the idea of "freemium" where a game is provided free of charge but a premium is charged for additional items and other game content. This paradigm shift has driven an increase in the gaming population around the world as well as expansion of the game industry.

> **Personal Motto**
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> *As there's no form of entertainment that people don't get tired of, we need to constantly challenge ourselves*
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> One of my seniors once told me for this reason in this industry we need to constantly challenge ourselves, and that's the truth. No matter how much of a hit something is, people will tire of it at some point. Always looking to provide something new is one of the preconditions of business at Capcom.

What should Capcom do with the advent of such an era? Simply put, I believe the answer is to provide unique and attractive games on a platform that users want to play with. Regardless of the platform, the path that Capcom should take as a contents provider is to keep delivering one-of-a-kind games that fit the lifestyles of users.

Strengthen management system to make the most of the brand

A strong brand is more important than anything to get users to choose Capcom titles from the plethora of games available. A strong brand has the power to draw users in and make them think that they simply must have a certain title. A clear vision, originality and service are the elements that make up a brand and technology is the tool that can realize these elements. Capcom will integrate the know-how accumulated at respective business locations and strengthen its brand management system for each title in order to make the most effective use of its strong brand.

Besides reinforcing existing brands, Capcom will focus on the development of fresh, new brands too. We are currently developing "deep down", which integrates the latest state-of-the-art technology for next-generation non-portable consoles such as the soon-to-be-released PlayStation 4. Users, who are eagerly awaiting the next-generation console, are always looking for new excitement, and game fans want to get as much enjoyment as they can out of the game industry. In order to satisfy these fans, we aim to drive further innovation in technology so that we can provide a whole new range of fresh surprises.

Maximize synergies to generate results in the market of each region

Strategic management that combines content, platform and region is essential for Capcom to make headway in the global market. Preferences differ in each region, so there's no way a single title is going to be taken up in equal measure by people all over the world.

The experience we have amassed over the last 30 years is an important factor we will use to succeed in the global market. Beginning with Osaka and Tokyo, Capcom has also rolled out marketing campaigns and executed development initiatives at subsidiaries in North America, Europe, Korea, Hong Kong, Taiwan and Thailand. Leveraging the know-how that has been built up over the years at these bases, we select titles and platforms befitting regional characteristics and release games that are localized (language-wise) and with content that has been adapted to fit the culture of the area.

The times are changing, which makes things even more challenging. But this make now the perfect time for us to release unique products that are infused with our own originality by making the most of synergistic effects between each base. This fiscal year I hope you get to see the fruits of these efforts one-by-one as we release a number of different titles. There's a lot to look forward to, that's for sure.

Create new excitement by maximizing synergies

Katsuhiko Ichii

Director and Executive Corporate Officer in charge of Consumer Games Business

After integrating marketing, appointed as Managing Corporate Officer in 2006. From April 2011, appointed as General Manager of Consumer Entertainment Business Management Group and integrator of Consumer Games Development, focusing on restructuring development organization and global development. At current post since June 2011.

RYOZO TSUJIMOTO

"Monster Hunter" has come to be known as a national game in Japan. This rise is thanks to the unstinting support of our fans. Existing users pull in new users and the circle gets bigger with the number of fans gradually increasing. A total of 23 million units have been sold since the first title in the series was released in 2004 (as of June 30, 2013).

Designed for Nintendo 3DS, "Monster Hunter 4" also received a revamp of its title logo. The game has undergone quite an evolution, such that new players will get a fresh experience and veteran players will also be won over.

In addition to the action that users know and love with this series, "Monster Hunter 4" has enabled play that feels more realistic through the use of vertical interval such as with multi levels and slopes.

A game with a clear concept and flexible playing style

The idea of an action game that anyone can play permeates the "Monster Hunter" series. Over the years it has provided a "place to play" for experts and beginners alike that can experience their own unique style of fun and feel their progress. What has evolved with each title has been the fresh surprises and fun that can be had along with the features of the various game consoles. As an example, "Monster Hunter 4", which is scheduled for release on September 14, 2013, has been designed for Nintendo 3DS. Users can carry it over to a friend's place and play together or enjoy multiplayer gaming with other players in remote locations through the internet. Others can enjoy it when they're alone on the move and have time on their hands. The elements of the game have been precisely designed with different playing situations in mind.

Increase user options to increase the fun

"Monster Hunter 4" really brought out the challenging spirit in the development team to try and reach the next level while staying true to the essence of the games that have come before. The main logo has been revamped to express this spirit.

The thing we focused on most this time was incorporating three-dimensional action using vertical interval, a first for the series, in order to expand "hunting" options for the user. Before, it was only possible to attack the monster from front to back and side to side. Now, you can use vertical interval to attack from above. Enabling attacks from new angles adds a real sense of speed to the gameplay.

Also, we placed emphasis on the element of "fluctuation (fortuity)" that we have incorporated throughout this series. This "fluctuation" further increases communication between players through the game, which we believe makes it more exciting.

Finding ways to bring "Monster Hunter" into the everyday lives of users

We hold different events and plan collaborations so that fans can feel even closer to "Monster Hunter". Notably, we hold the "Actual Gathering for Players", and the "Monster Hunter Festival", which aims to create a space where anyone, not just fans, can enjoy "Monster Hunter's" quintessential charms. Aside from these, we ran a campaign at Seven-Eleven as well as a collaborative event with Universal Studios Japan (USJ). We put a massive movable monster at USJ and even

though it got the all-clear from us, the person in charge of formative design at USJ still wasn't satisfied and continued to make adjustments. You could see that both the company and the manager collaborating with us have a deep affection for "Monster Hunter".

The title has attracted widespread popularity so there's no way we can stop the evolutionary progress. Our development team is working closely together to convey the appeal of the latest version while continuing to push the bounds so as to exceed user expectations.

Personal Motto

Treasure every encounter, for it will never recur

Although games are digital, it is people that create and enjoy them. I aim to value every encounter, both those that happen by chance and those that are out of necessity, so that I can create the ultimate game and provide the ultimate in entertainment.

Add new appeal by constantly pursuing challenges

Ryozo Tsujimoto

Producer,
General Manager of Division 3,
Consumer Games Development

Engaged in development of arcade games and also in charge of planning for various home video games. Producer of the "Monster Hunter" series since the release of "Monster Hunter Freedom 2" in 2007.

Masaru Ijuin

**Senior Manager of Technology Management,
Technology Development,
Consumer Games Development**

Appointed as Senior manager of Software &
Tools Section after working as the main
programmer on "Onimusha 2: Samurai's
Destiny". Since then, has contributed to
improving Capcom's technical capabilities as
the leading authority on the game engines
"MT Framework" and "Panta Rhei".

Game engine "Panta Rhei" for next-generation consoles specialized for Capcom production
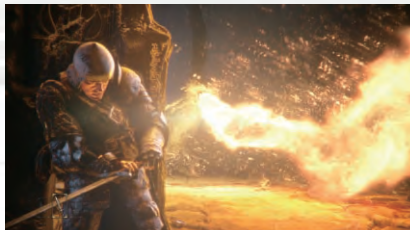
MASARU IJUIN

This game engine supports game production from a technical perspective. Capcom has always pursued innovation in providing unique engines along with research into state-of-the-art IT technology. We aim to take the next step toward next-generation consoles amid rising importance of game engines.

"Panta Rhei" features real, beautiful video expression rivaling live action. It's worth paying particular attention to the way the flickering flames move and to the natural reflection of light.

Wielding "Panta Rhei", "MT Framework", and "MT Framework Mobile", we carry out title development customized to each title we are working on and performed with the right tools suited for each.

Review development environment from the basics with a view to future game production

One of Capcom's unique game engines, "MT Framework" makes about 80% of its development process mutual for Xbox 360, PlayStation 3, Wii U, and PC games, which enables efficient production. Over the years, we have always sought to optimize development in response to the proliferation of portable game consoles and smartphones such as with the production of derived versions like "MT Framework Mobile".

However, we began to see limitations in the operation of "MT Framework" when we focused on development for next-generation consoles with more advanced technology set for future release. If we continue development based on current methods, workload will increase by 8 to 10-fold. We could take the route of overcoming this problem by making modifications to "MT Framework", but the easy path will leave nothing but simple results. If we don't review design from the basics, we have no future.

Although some people inside the company were hesitant on the idea of developing a new engine, the engine development team took the lead in thoroughly examining conventional development workflows and started developing the new game engine "Panta Rhei" targeting next-generation consoles.
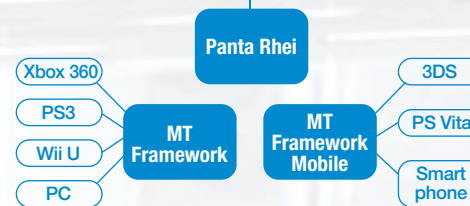
Push forward with development of "Panta Rhei" in tandem with the title "deep down" for next-generation consoles

The counterpart in collaboration for the "Panta Rhei" game engine is the title "deep down" for next-generation consoles. We are pushing ahead with development in tandem with the title development team.

With "Panta Rhei", the workflow itself for the game development was changed based on the precondition of drawing out the potential of next-generation consoles as well as expressive capacity. The purpose is so that development staff can concentrate on making the game interesting. For example, the traditional flow was serial in nature for each process: From planning and design to data production followed by testing and possible reworking from the planning stage if it wasn't deemed interesting enough. With "Panta Rhei", each process was performed in parallel with mutual adjustments made along the way, which minimized work loss. Also, this meant that repetitive tasks (iterations) to sound out the best specifications could be handled in a short space of time. If a process that previously took 60 minutes can be completed in 10 minutes, a lot more challenges will become possible.

Development is progressing while improvements are made to the engine and game based on modifications to specifications from the engine development team and request for additional features from the title development team.

Driving evolution as the new foundation of Capcom's game production

We also pay a good deal of attention to research and development into new technologies that support video expression unique to next-generation consoles. This includes fluid expression enabling automatic generation so that the flames that wisp into the air look realistic, global illumination enabling expression even of secondary reflected light from walls and physical bodies in addition to direct light, and tessellation where the automatic division of a polygon enables objects to take on a smooth sense of reality. By making possible expression that was previously very difficult to achieve, we can introduce new ideas and make video expression of a more realistic and higher quality nature. This has increased the possibility of providing a new style of enjoyment that reshapes conventional theories about games. This is indeed the foundation of Capcom's production.

"Panta Rhei" Ver. 1.0 will be completed to coincide with the release of "deep down". And we will drive further innovation so that it is compatible with the multi-platforms of next-generation consoles. As long as we continue to make new games, growth in the engine arena will not subside.

Always look for challenges

Personal Motto

Technology is constantly evolving. The results of today may be obsolete tomorrow. That's why only those people that consistently put their best foot forward will be able to advance. I always try not to let anything go to my head and try to never back down. The key is to keep pursuing challenges.

KAZUNORI SUGIURA

Social games, which can be easily enjoyed by anyone on social networking services (SNS) or via apps, are continuing to grow rapidly in Japan and overseas. Capcom also established the social games development department and fully entered the social game market in 2011 and has been steadily achieving results.

Street Fighter Battle Combination
An easy card battle game that makes it possible for anyone to enjoy the excitement of the world of the fighting game "Street Fighter".

Street Fighter Battle Combination

Monhan Itsudemo Airou Life

Daikoukai Frontier

Street Fighter X All Capcom

Monster Hunter Hunting Quest

SOCIAL APP GAME LINEUP

Communication among users is key to popularity of social games

In terms of social games, card battle games have boasted deeply rooted popularity over the years. While the outcome is determined quickly, people find that the games have depth when they try them. That's why they are popular. Game features and profitability are also a good match for game producers, and because it is easy to set up as a business, various companies have entered the market, which has become hotly contested. The power of the Capcom brand is a strength amidst the advance of excessive production because the confidence that "if it's a Capcom game, it will be good" underlies the selection of games by users. In fact, "Resident Evil: Outbreak Survive" continues to acquire popularity with member numbers topping two million and still has the support of many users.

On the other hand, there is also a trend for other types of social games. Popular social games share a common point of cleverly linking communication among users with game features. The so-called social aspects of gaming, which includes e-mail and information sharing that brings users together, are increasingly in demand, and the key to producing a hit is how to utilize these features.

Deliver "fun" to users through a clear concept and game features

At present, the Tokyo R&D Department is not only developing games for mobile devices but also for a range of various platforms through to PC and next-generation consoles. At the planning stage, we consider which is the best development platform based on the concept, which includes the idea and the game features, rather than "focusing on how to produce a social game". In addition to that, we seriously consider in what form to incorporate social aspects into the game and how we can make it enjoyable for users.

The concept of "Street Fighter Battle Combination" unveiled on August 1, 2013 is to also enable users who are not accustomed to playing fighting games to enjoy the "Street Fighter" world. While reproducing fighting scenes in the form of a card battle, it also adopts a ranking system to stimulate the combative urge. We designed it to allow users to feel the excitement of "Street Fighter" which was a hit in game centers in the late 1980s. In the future, we will concentrate our efforts

on the operational aspects of the game as well so that users go on enjoying the game for a long time.

Toward the new era of network games for users to enjoy

There are two things we focus on when we are producing a game. These are how users currently play a game and our vision of how we want to get them to play games in the future. At the same time as continuing to satisfy existing users, we are promoting initiatives aimed at tomorrow's market.

Our new challenge here is "Breath of Fire 6", an authentic role-playing game (RPG) scheduled for release in summer 2014. This game can be played on three platforms: smartphone, tablet and PC. Because we will distribute it from the same server, it will be possible to use a smartphone to enjoy it on the move and continue playing on a PC after getting home. Obviously, we are linking it to a communication app to enable chat, creation of avatars, and other social aspects. This function will be incorporated into games that Capcom releases from October 2013, which will also make communication among users across titles possible. We want to broaden the circle of Capcom fans in the new era of network games to extend beyond the dividing lines between platforms with an advantage in the social aspect of gaming.

Personal Motto

Persevere and act resolutely

Business involves timing. You hang on when you have to, and go on the attack without pausing once you decide, "This is it!" Decisions can be difficult, but speed is crucial. I make a conscious effort to act swiftly together with the members of my team.

Towards a new era when all games will be social

Kazunori Sugiura

**General Manager of Division 2,
Consumer Games Development**

Served as producer of "Monster Hunter Frontier G", leading it to become one of the biggest titles in Japanese online gaming. At present, directs all online games and social applications as General Manager of the Tokyo R&D Department.

Provide excitement that meets regional characteristics and cultivate the global online market

Yoshinori Ono

**Corporate Officer and
Deputy Head of Consumer Games Development**

In charge of sound on the "Street Fighter" series since joining the Company. Went on to become producer of "Monster Hunter Frontier Online" and "Street Fighter IV" series. At current post since April 2013.

YOSHINORI ONO

Capcom is promoting the Online business as a pillar of new growth. In April 2013, we released the largely updated "Monster Hunter Frontier G" in Japan and "Onimusha Soul" in Taiwan, a newly cultivated market for us.

Taiwanese version of "Onimusha Soul"
As with the Japanese version of "Onimusha Soul", players become a feudal lord of the 47 prefectures during the civil war period and aim to develop the country. Although the setting is Japan, it has captured the hearts of a great number of people and turned into a hit thanks to the clever development and management of Taiwanese staff.

"Monster Hunter Frontier G"
Users can enjoy the game online anytime with a group of players. We added new elements as well to entertain users such as new fields, new monsters and a G Class Quest.

Provide optimal service in individual markets

The global gaming market is expanding, driven by online games. Capcom is also focusing on its Online business and expanding sales in this area.

If we break down this business into regions, it can be broadly divided into three markets: Japan, North America/Europe and Asia. The key to growth for Capcom is determining how to provide service that meets the preferences of users in each market while adding in cultural features.

In the Japanese market, sales of "Monster Hunter Frontier G", which can be played on a PC online or on Xbox 360, are solid. This can be attributed to the regular holding of events following the major update in April 2013 and continuing to provide excitement to fans of the series. Also, we will roll out "Monster Hunter Frontier G"

for PlayStation 3 (PS3) in November 2013 and for Wii U in December 2013. Our aim is to provide even more wide-reaching service for a greater range of customers in Japan to ensure satisfaction no matter what game console they play on.

"Onimusha Soul" proves to be a hit in the newly entered Taiwan market

Recognizing Taiwan as the launching pad for online games in the Asia market, we opened CAPCOM TAIWAN CO., LTD. in August 2012. The reasons we chose Taiwan were the penetration of Japanese culture, from TV programs to food, and the high market affinity.

The first title we introduced, localized and adapted to fit the culture in Taiwan was "Onimusha Soul". We worked hard to make sure local staff gained an insight into the nature of the title in order to provide service based on uniform cognition. As a result, "Onimusha Soul" attracted attention straight after we started the service in April 2013, and currently, it is so popular that it is rivaling sales in Japan.

Through the challenge of entering Taiwan, we realized that it is easy to localize a title by infusing redundancy at the time of development in Japan and enabling a design that allows additions where it is to be introduced. We will make the most of the know-how we have gained in the

next title and we are planning to start service of the Taiwanese version of "Monster Hunter Frontier G" in the summer of 2014 for PS3 and PC online use.

Focus on the true nature of the game to deliver excitement to users

The changes that are occurring in the game market today are similar to the shift in style of enjoying music from records and CDs to portable digital players. With both music and games, it doesn't matter what hardware the user has, the feeling of wanting to have fun remains the same. The ability to provide excitement is more important than anything and that's the true nature of game production that Capcom must protect. We have arrived at an era in which users can play a diverse array of games on a variety of platforms, and that's why Capcom must create new excitement for this market.

It felt like we already had the answer to online and social business somewhat for the Japanese market. But that was just till 2012. As with other trends that year, what people find exciting also changes with the times. We must move forward with a close eye on what happens in the market on a global scale in 2013. In this context, we will challenge unexplored markets, making effective use of the know-how we have gained in opening the base in Taiwan.

Enhance development quality and generate results in both in-house development and outsourcing

Kentaro Ono

Senior Manager of Produce Section, P&S Software Development Department, P&S Business Division

Entered the P&S Business Division after developing home video game software. Currently in charge of conceiving of titles for development based on the medium-term plan, formulating budget and management as senior management of the Produce Section.

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KENTARO ONO

After entering the Pachinko & Pachislo business, Capcom enhanced both its video production capabilities and gaming machine development capabilities amassed in home video games, and established foundations so that these capabilities could be integrated. Following a takeoff period of a few years, now we have started producing popular machines that are well received by users.

The Pachislo machine "Resident Evil 5", which was developed in-house, was unveiled at a trade show in Tokyo announcing new machines in September 2012. The event was a hit with a large number of visitors coming to the venue, where Capcom presented an explanation of the product on a purpose-built stage and let people give it a try.

Full use of the special unique frame "Pandemic" and the industry's first moving liquid crystal screen "Movision" enables the faithful reproduction of the worldview of the original game. The frightening and tension-filled imagery and rendition boost excitement for users.

New machine with special attention given to frames, video imagery and game playability biggest ever hit

A total of 48,000 units of the Pachislo machine "Resident Evil 5" released in December 2012 had been shipped as of March 31, 2013, making it the biggest ever hit for Capcom-developed Pachislo machines.

First and foremost, this can be attributed to vigorous efforts to promote sales to Pachinko and Pachislo halls following the convening of a trade show in Tokyo announcing new machines organized by Fields Corporation, with whom we have a marketing alliance with. There, we were successful in impressing a worldview of "Resident Evil" that helped us promote sales.

We also got creative with an original new frame. We incorporated a sub liquid crystal screen "Movision" that moves up and down to deliver images linked to the main liquid crystal screen, as well as to occasionally project a making use of the fourth slot reel to render greater excitement. A winning chance calculation system for dispensing the balls that infuses a worldview of the game such as infection, spreading and variation coupled with video and scenario development that makes it even more exciting captured the hearts of users. As a result, the machine enjoys high popularity and continues to drive additional orders from halls. It has also maintained a high operating rate thanks to customer support, culminating in

first place in the category for non-standard type Pachislo machines at the Gaming Machines Awards for 2013.

Division of labor and collaboration based on strategy enable the development of machines welcomed by the market

The machines that are well received among users in the market and that halls want to install are those machines that include popular content as well as built-in game playability and attractive winning system. Capcom achieves both of these elements.

In terms of content, Capcom has a number of hit titles like "Resident Evil" and "Monster Hunter", and machines can be developed by making use of this content. In terms of game playability, Enterrise Co., Ltd. was made a subsidiary in 2008 and system development was consolidated into Capcom. This has facilitated development that combines the image development and system development of both companies as well as the mutual conception of ideas. Although there were reservations at first, barriers between the two companies have been taken down over the years and an uninhibited exchange of ideas has led to a diverse array of video and chassis aesthetics as well as a style of winning system that gets the user excited trying to predict the outcome. We switched to a producer system for development too, which has enabled more clear-cut production for each project. The popularity of this latest machine is the manifestation of these elements.

Making use of popular content and raising profitability through the two pillars of in-house development and outsourcing

In the Pachinko & Pachislo business, we set a goal of selling one new machine developed in-house each quarter under our Single Content Multiple Usage strategy and are pushing ahead with measures to make this a reality. However, we only have two titles scheduled for release for the fiscal year ending March 2014. We aim to devise a system that allows us to launch four machines to the market every year in a stable manner.

Along with the in-house development of the frames, we also focus on outsourcing development and are aiming to expand profitability though this two-pillar approach. We provided gorgeous imagery that has been highly praised for the Pachislo machine "Onimusha: Dawn of Dreams Sairin" by RODEO Co., Ltd. and the Pachinko machine "CR Sengoku BASARA 3 – Sekigahara Battle" by Bisty Co., Ltd.

We are planning to release new titles this fiscal year as well, so there is a lot to look forward to.

> ### Consider general consensus, not just preferences
>
> **Personal Motto**
>
> In order to outstrip the intensifying competition between gaming machine manufacturers, it is necessary to select the best elements for people based on a close examination of market trends. There's a tendency to emphasize one's own preferences in development, so I always place importance on objectivity.

The Secret of Success
"Resident Evil"

We present the tumultuous history of "Resident Evil", the quintessential Capcom title which boasts 57 million in total sales for the series as of June 30, 2013 and is still loved today 17 years after the release of the first game.

New Generation of Hit Stirring in the Shadows of Mega-Popular Titles

It is 17 years since the advent of "Resident Evil", and the title has evolved in various directions, including Hollywood movies, amusement park attractions and restaurants, and boasts recognition even among non-gamers. However, the original "Resident Evil" was just a pilot developed for the PlayStation, the new hardware platform of the day. Nor were there any great expectations for "Resident Evil" within Capcom when its development started because of the existence of "Street Fighter",* which boasted absolute popularity.

While many veteran creators were brought together for "Street Fighter", which was highly anticipated within and outside the company, only young creators were assembled for the unproven "Resident Evil". They included many novices creating their first game. Therefore, despite some feelings among employees assigned to "Resident Evil" that it was a kind of demotion, the novice creators were not worried about that kind of environment and created the games literally from one. Because the hardware was new, they suffered from a shortage of development tools, and "Resident Evil" was developed through repeated trial and error, which sometimes included disagreements and clashes of opinions within the team.

* The landmark combat-based fighting game that came out on arcade machines in 1987, creating a boom mainly among the young.

The "Resident Evil" series is 17 years old this year with 86 titles sold worldwide.

A Capcom First and a Personal First. Prototype 3D Game Development

Yasuhiro Ampo Director, Section 1, Division 1

My first assignment on joining Capcom was the "Resident Evil" development team. As a programmer, I was responsible for system peripherals, including engine creation. At the time, it was unprecedented as the first 3D game development at the company, so there were a lot of conversations which went something like, "Let's actually create programs and try comparing them" because we couldn't make any predictions about what would happen if we did a certain thing as there were no past results. At the time, I was new so I didn't have experience or know-how. On the other hand, I can say that I was able to develop things without any preconceptions.

"Resident Evil": A Scary Game

"Resident Evil" went on sale in March 1996. It could not be said that expectations for the game were high by any standard. However, typified by expressionless zombie that turns his head towards the player and zombie dogs appearing as they broke through windows, the horrors which were packed into the game gradually fascinated gamers.

Additionally, a different operating technique was adopted for "Resident Evil" to increase the sense of horror. With ordinary games, the character moves right when you press the right button of the directional pad and left when you press the left button. However, with "Resident Evil" the character turns clockwise when you press the right button and anti-clockwise when you press the left button. This radio-control type of operating technique creates the shakiness of proceeding in fear, unable to move how you want.

Incidentally, even though "Resident Evil" is a Japanese-made game, the characters speak English, and the Japanese is shown in subtitles like it is at the movies. This Hollywood movie atmosphere also produces a sense of tension as a horror game. We did actually record Japanese voices as well, but they were shelved because they did not fit with the "horror set in a Western-style building".

It was a time when the Internet and mobile phones were not as widespread as they are now, and the attention to this kind of detail spread by word of mouth. As a result, sales rose gradually from 200,000 – 300,000 units immediately after the launch to reach 1 million units in a year.
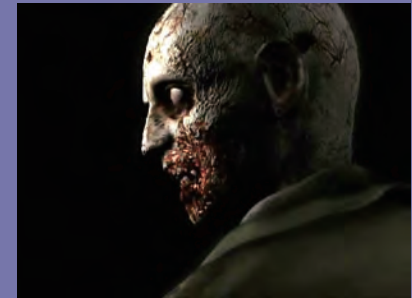
Based on this success, it was decided to produce the "Resident Evil 2" sequel. Although it was initially scheduled for release in 1997, we couldn't produce a game that was of the expected quality, perhaps because of pressure from the success of its predecessor, and took the big decision during development to reset everything and re-make it from the beginning. Therefore, the release was delayed by a year to 1998, and features such as the increase in the number of zombies displayed on screen compared with its predecessor and the zapping system in which the actions taken by the players affect the storyline aroused interest, making it a major hit which has sold 4.96 million units* up to the present.

Avant-guard experiments such as increased action elements and the appearance of new foes to pursue players also paid off in "Resident Evil 3: Nemesis", produced based on the success of "2", which has cumulative sales of 3.5 million units*. The first three successive titles all achieved million-unit sales.

 * As of June 30, 2013.

"Resident Evil" released in 1996

The first zombie encounter which terrorized all players

"Resident Evil 2"

"Resident Evil 3: Nemesis"

Attention to "Resident Evil" Horror Adventure

Jun Takeuchi Head of Consumer Games Production Management Division

"Resident Evil" was being developed in my fourth year at Capcom, and I was made leader of graphics. As it was the first "Resident Evil" game, we felt our way, but we put in what we wanted to because of that. The fact that a "shell makes a noise when it flies out of a gun and it falls to the ground" is obvious in reality, but the attention "Resident Evil" paid to this kind of detail meant it was credited with being "a next-generation game".

The previous top-down view was changed to the behind view, making it easy to aim shots.

"Resident Evil 4" accomplished a full model change, developed for the most hardware platforms of the series.

"Resident Evil 5" became the biggest hit of the series, recording 6.1 million units.

Full Model Change to Break the Stereotype

"Resident Evil" appeared to have consolidated its brand value by achieving consecutive million-unit sellers up to the third game. However, ten years had passed since the series was created, and a downward trend was being observed in sales. The development team decided on a full model change for "Resident Evil 4", believing that "if the trend continued that way the brand would disappear".

Nevertheless, having said a full model change did not mean losing the basic "identity" of "Resident Evil". The search for the "identity" of "Resident Evil" to that point was extremely difficult with plans changing a number of times during development. Relying on horror meant no change from its predecessor, but if the horror element was reduced too much, it would not be "Resident Evil" any more. The development team was required to have this sense of balance.

What did change significantly as a result of trial and error was the perspective. The "behind view" looking ahead from behind the character was changed from the previous top-down view. Additionally, a "shooter element", which is popular overseas and allows players to aim at and shoot the weak spots and specific areas of their opponents, was incorporated.

As a result of matching these big changes superbly with the horror elements of "Resident Evil", "4" is credited with being the standout success of the series. This is demonstrated by the fact that although it was originally only released on GameCube, it was subsequently released for PlayStation 2 and Wii as well as iPhone, iPad and other devices and is now the title in the "Resident Evil" series which has been developed for the most hardware platforms.

The elements that gained popularity in "4" were inherited by its sequel "Resident Evil 5". Breaking away from its previous dimly lit image with a concept of light and shadow opening out under the sun, it achieved sales of 6.1 million units*, an all-time high for the series.

* As of June 30, 2013.

Pressure of the Full Model Change

Hiroyuki Kobayashi
Deputy Head of Consumer Games Development and General Manager of Division 1 and Division 4

I was involved in "Resident Evil 4" as producer. In fact, prior the development of "4", I had developed the remake of "1" for GameCube, and I had confidence in my development know-how. But the goal in terms of pursuing the "Resident Evil" identity through a full model change of the popular series was completely invisible. The team constantly felt anxious over things like hearing the reaction of the press every time we made an announcement. However, in the end, receiving high evaluations from all the media gave us confidence in subsequent development.

Promotion Strategies to Support Longevity

When we are discussing the popularity of game software, we must not forget the existence of promotion to support its success. For "Resident Evil", which enjoys global popularity, a different approach is also taken for promotion in each region. We change the points that we showcase to match the culture and characteristics of the regions. For example, the North American version stresses the horror atmosphere, and the Japanese version stresses the characters. These regional differences are also reflected in packaging designs.

The longevity of the "Resident Evil" title also comes with problems. The main user group is now in their late-30s to 40s, and the average age is also going up as the series goes on with an increasing possibility that some percentage of the existing users will outgrow games altogether. Therefore, there is a constant need to gain new users, and the creation of opportunities for exposure in fashion magazines was carried out as an example. However, obviously game information is not carried by fashion magazines. Therefore, we have created opportunities for receiving coverage in fashion magazines by collaborating with fashion brands which are popular among young people. We are also actively working on spreading name recognition among non-gamers through expansion in other industries, including the "Halloween Horror Night" event in alliance with Universal Studios Japan (USJ) and the opening of the "Resident Evil Café and Grill S.T.A.R.S." (a "Resident Evil"-themed restaurant) in Shibuya PARCO, Tokyo. These collaborative events are opportunities to be enjoyed by non-gamers as well, so it is important to plan them so that anyone can enjoy them and not aim them at a section of our core gamers.

Moreover, while running events for these kinds of casual users, we launched "Club 96", the official fan club for our core gamers. As a forum for the direct dissemination of information, including holding the annual members-only Premium Party, it serves as a bridge between developers and users.

"Resident Evil" has gained unwavering popularity through diverse expansion regardless of region and generation.

While the Japanese version stresses the characters, the North American version simply constitutes a logo only.

Initiatives with other industries, such as amusement arcades and restaurants, are helping to develop new fans.

Strategies to Fuel the Minds of Users

Tsutomu Masuda Senior Manager of Promotion Planning Section, Consumer Games Marketing Department
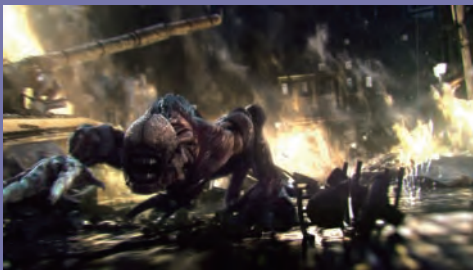
What we focus on when running promotions for "Resident Evil" is delivering a message that respects its 17-year story, which is a rarity in the game industry, and its world in a format that does not disappoint the expectations of users. It is important for us to analyze what customers want from "Resident Evil" and embark on strategies to successfully convert that into expected value. We launched strategies to get fans excited from the announcement of "Resident Evil 6" through to the release period, employing mechanisms to spread this excitement to casual users.

"Resident Evil", released in 2002, achieved US$102 million in global box office revenue.

CG movie was first released in 2008. In view of its popularity, a sequel was released in 2012.

The game character Jill (far right) appears in "Resident Evil: Apocalypse" released in 2004.

"Resident Evil" Known Globally

A total of seven "Resident Evil" movies, with five Hollywood movies and two CG movies, have been produced, and these movies have also played a critical role in increasing the brand value of the franchise. Home video game consoles are only widespread in developed countries with established infrastructure. Consequently, Capcom cannot sell "Resident Evil" in regions where game consoles are not widespread. However, movies are a popular pastime, and there are movie theaters in many countries, so it is possible to make the content of "Resident Evil" known in regions without game consoles as well.

The original opportunity was an approach from Hollywood. It required time to achieve, but when the first film was released in 2002, it instantly became a major hit with global box office revenue of USD 102 million. Capcom's goal was to maximize the brand through promotional tie-ups, but it was also lucky that director Paul W.S. Anderson and lead Milla Jovovich were big fans of the original game and was able to achieve major success.

As stated at the beginning, five Hollywood movies have been produced to date, and there are not many movie series that go on this far. Based on this success, Hollywood realized that Capcom owns outstanding content and offers of movie adaptations for series such as "Devil May Cry" and "Lost Planet" have contributed to boosting the brand not only of the series themselves but also of the company.

To digress, there is an anecdote that when the production staff for "Biohazard 5" ("Resident Evil" is known as "Biohazard" in Japan) sounded out the Hollywood studios on producing a CG movie, they were flatly refused, but the studios' attitude changed 360 degrees to "we know it from the movie, please let us make it" when the inquiry was rephrased using the English title "Resident Evil". We can say from this that the movie adaptation has dramatically increased brand value and title name recognition.

"Resident Evil": Content Creating a Complete World

Taki Enomoto Senior Director, Media and Consumer Product (MCP) Team, CAPCOM U.S.A., Inc.

I was responsible for a range of roles related to the movie adaptation from negotiating the terms of agreements, visiting locations and coordinating promotions. Our focus in the movie adaptations is whether the world of the game is faithfully replicated. Because the protagonist in the movie version of "Resident Evil" is a movie original, the appearance, personalities, clothing, behavior and other aspects of the game characters connected to her follow the game in the movie as well. Even though Hollywood is our partner, Capcom will not give the OK for depictions and worlds that are not in the game settings.

Changing Creators, Constant World

As described earlier, "Resident Evil 5" recorded the highest sales in the series, but no game satisfies everyone in the world. The users who bought it made a number of requests for the sequel.

"Resident Evil 6", the latest game, released in October 2012, is what was created based on this feedback. What needed to be done in the development of "6" had been clearly decided. Although the brand was popular overseas, there is an awareness of the Hollywood movie-style of production, which has become the market trend in recent years mainly overseas, in order to repackage the game as a global title again. Additionally, Capcom provided seven main characters and four types of scenario to attract more diverse users, making it possible to enjoy horror for different tastes.

As a result, it sold 5 million units* globally and succeeded in making its mark as a global title again. In addition, all the title numbers in the series have achieved sales over million units.
Why has "Resident Evil" been able to sustain this level of success for 17 years? The secret lies in its elaborate settings and world. Horror is a common entertainment genre around the world, but "Resident Evil" adopted the setting of "epidemic disaster" that could be a reality rather than a wild fantasy in order to make the horror convincing. This sense of realism is smoothly incorporated into the story as well as feeding the fear as horror.

In addition, the attractive characters are also a feature of "Resident Evil". The main characters have made many appearances spanning all the titles and get older and more mature as the series goes on. A character who was a rookie police officer when he debuted is a member of an organization under the direct control of the president in the latest game, and a powerless young girl has matured into a U.S. agent. Rather than fading away over the 17 years, they have become even deeper characters. This character appeal has also helped to win firm fans.

In addition, the development team and producers in charge of "Resident Evil" change for every title. Therefore, each creator adds their own touch to the strong "Resident Evil" identity, constantly creating a new "Resident Evil" just like a relay.

From pilot to major title. The environment surrounding "Resident Evil" has changed significantly over the past 17 years. However, the "Resident Evil" identity is constant. In the future, it will discover new possibilities and progress as a title that can compete globally without disappointing any expectations.

* As of June 30, 2013.

"Resident Evil 6", released in 2012, recorded Capcom's all-time high initial shipment sales.

Leon has grown up from a rookie police officer into a U.S. agent.

Fun Games Come from the Environment. Production Using the Surroundings

Yoshiaki Hirabayashi Producer, Production Planning and Administration, Division 1

As producer of "Resident Evil 6", I was responsible for a variety of roles ranging from cost control through to promotion. In particular, I was conscious about providing an environment that allowed the creators to work in comfort as the foundation for creating a fun game. Being the producer, there was sometimes more pressure than necessary with results being everything and having to outdo the predecessor, but I managed to relax once I started to think that I could work with the people around me while expressing myself.

Corporate Profile

(As of March 31, 2013)

Name of Company	CAPCOM CO., LTD.
Date of Establishment	May 30, 1979
Date of Initiation	June 11, 1983
Business Segments	Planning, development, manufacture and sale of home video games, online games, mobile games and arcade games as well as management of amusement arcades.
Paid-in Capital	¥ 33,239 million
End of Term	March 31
Number of Employees	2,476 (Including consolidated subsidiaries) 1,820 (Capcom CO., LTD.)
Head Office	3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan PHONE: 81-6-6920-3600 FAX: 81-6-6920-5100
R&D Building	3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan PHONE: 81-6-6920-7600 FAX: 81-6-6920-7698
Tokyo Branch	Shinjuku Mitsui Building 2-1-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-0448, Japan PHONE: 81-3-3340-0710 FAX: 81-3-3340-0711
Ueno Facility	3902 Hatta, Iga, Mie, 518-1155, Japan PHONE: 81-595-20-2030 FAX: 81-595-20-2044

CAPCOM CO., LTD.

3-1-3 Uchihirano-machi, Chuo-ku,
Osaka, 540-0037, Japan
PHONE: 81-6-6920-3600
FAX: 81-6-6920-5100

http://www.capcom.co.jp/

Please see
the Annual Report 2013.

History

Mar. 1991	Released the arcade video game "Street Fighter II" and it triggered the "Street Fighter II" boom.
Jun. 1992	Released "Street Fighter II" for Super NES, and it was a mega-hit.
Jul. 1993	Opened "CapcoCircus Nigata East", the largest arcade in Nigata.
Dec. 1994	Premiere of the Hollywood movie "Street Fighter".
Mar. 1996	Released "Resident Evil" for PlayStation, a long selling title which had record breaking sales, and established the genre of survival horror.
Aug. 2001	Released "Devil May Cry" for PlayStation 2, and it was a mega-hit.
Oct.	Released "Phoenix Wright: Ace Attorney" for Game Boy Advance, and it drew public attention as a courtroom battle title.
Mar. 2002	Premiere of the Hollywood movie "Resident Evil" which recorded sales of 102 million dollars worldwide.
Sep. 2004	Premiere of the Hollywood movie "Resident Evil: Apocalypse" and it grossed 100 million dollars worldwide.
Jul. 2005	Released "Sengoku BASARA" for PlayStation 2, which enjoyed popularity especially among young gamers for its innovative worldview.
Aug. 2006	Released "Dead Rising" for Xbox 360. More than 1 million units were sold, an extraordinary feat for a new title for a new game console.
Dec.	Released software "Lost Planet" for Xbox 360. Over 1 million units were sold following the trails of "Dead Rising", another exceptional accomplishment for a new title.
Mar. 2007	"Monster Hunter Freedom 2" becomes the first Japanese PSP software to exceed 1 million units shipped.
Nov.	The Hollywood movie "Resident Evil: Extinction" was released. Its box-office revenue exceeded 147 million dollars.
Feb. 2009	Takarazuka Revue Company launches theatrical performance of "Phoenix Wright: Ace Attorney - The Truth Comes Back to Life".
Apr.	Began broadcasting the TV animation program "Sengoku BASARA".
Jul.	Initial shipments of "Monster Hunter Tri", a third-party title for the Wii, surpass one million units.
Oct.	"Sengoku BASARA" character Date Masamune used for PR activities in support of the Miyagi Prefecture gubernatorial elections.
Nov. 2010	Distribution of social game "Smurfs' Village" for iPhone began. It became the top download in 80 countries aroud the world.
Dec. 2011	Released "Monster Humter 3 (Tri) G" for Nintendo 3DS, which became the Capcom's first title that was sold one million units in Japan for Nintendo 3DS.
May 2012	Released home video game "Dragon's Dogma". Sold over one million units, unprecedented for a totally new brand.