



**Yoichi Egawa**

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

# Development

## Strengthening R&D human resources to stably produce global IPs that support performance growth

Development strategy flow



### Cultivate the next generation of R&D leaders

Train globally competitive developers through our new human resources investment strategy

→ For details, please refer to "Hiring Activities" on p.49 and "People in Development" on p.50.



### A world-class development environment

An unparalleled, cutting-edge creative environment

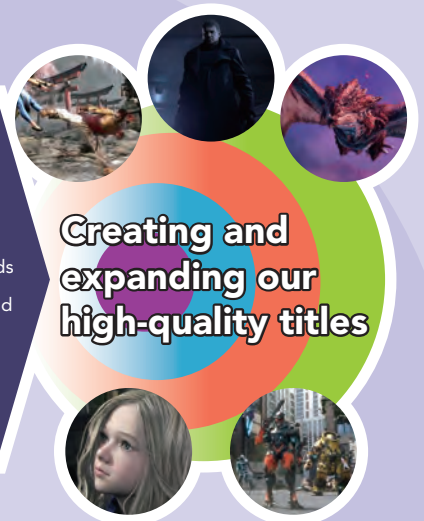
→ For details, please refer to "Development Environment" on p.50.



### Continuously evolving technical research

Honing the essence of our brands and providing unprecedented experiences with our creative and technical capabilities

→ For details, please refer to "Technical Development" on p.51.



## Overall development policy

With the popularization of digital sales and diversification of gaming devices, the global trend of being able to play games anytime, anywhere is accelerating—and with the spread of social media, anyone can be an influencer. In this environment, in order to create hits it is essential that we develop games while coordinating with our operational divisions. This entails that we carry out game development with an awareness that we are delivering our games to as many people around the world as possible via both a sales strategy that utilizes digital events to communicate effectively, and our Single Content Multiple Usage strategy that utilizes movies and licensed products. 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; however, we are also making calculated appeals to players through ongoing services. These services continuously stimulate their interest with strategic digital sales and the steady release of additional content that underpins that quality in an effort to increase satisfaction.

On top of the know-how that we have amassed thus far, looking to the future, we are challenging ourselves to develop quality titles that will pioneer the next generation of games with visual technology that produces high-impact graphics as well as improved network technology.

## Development strategy

Based on our medium-term goals, as the head of development, I am striving to fulfill my revenue responsibilities by allocating 90% of the development investment budget to the creation of popular series IP, such as *Resident Evil* and *Monster Hunter*. At the same time, we are also promoting the development of our online ongoing services business model. This allows more players to enjoy our hallmark Capcom craftsmanship over the long-term by providing additional DLC and other content. Our efforts to create new IPs also continue. Most recently, we announced *Pragmata* and *Exoprimal* for the latest generation of consoles, and we are making steady progress on their 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, but also maximizes the performance of each piece of hardware. We will continue to evolve this proprietary engine while remaining proactive in our approach to state-of-the-art research and technology, such as VR, while aiming to enhance our lineup.

## Cooperative approach in Development Divisions

Hit titles are not the product of chance, but the result of each team's continued collaborative efforts.

Game development at Capcom takes place on a large scale and over a long period of time. Taking a project from concept to reality requires more than an individual's abilities; teamwork is also a vital element. In terms of technology we use RE ENGINE, and those responsible for technological research are integrated into the title development team to provide the optimal development environment and support for each title. In terms of quality, our Quality Control Division checks whether titles under development operate properly while also looking at the fun and playability of the games. They then share their opinions with the development team in an effort to improve quality.

*Monster Hunter Rise* and *Resident Evil Village*, which were developed within just such an environment, exceeded our sales expectations and received acclaim from players. Going forward, we will continue to strengthen our cooperative approach as we strive to create the world's best game content.

## Training developers

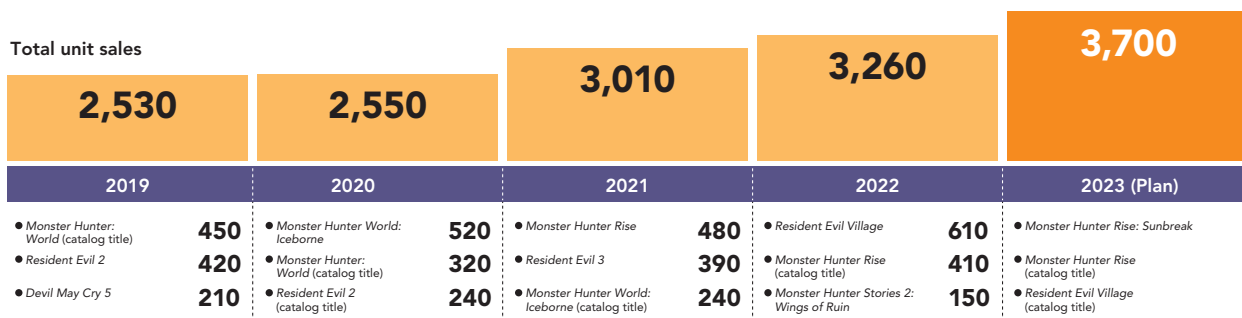
People are at the core of creating high quality games. We are working to build a comfortable environment for our game development divisions so that our creators can focus on giving their best. Since 2013, we have hired more than 100 developers each year, and today our development workforce stands approximately 2,500 strong. However, it is essential that we continue to secure human resources and hone their skills even further to sustain growth in the medium-to-long-term. Currently, we give newly hired young employees the chance to acquire know-how and skills through hands-on experience in the field. We are making steady progress with their training via game development experience that is both rigorous and quality focused.

We have set goals and clarified milestones for training younger employees to expedite their development and grow the number of high performers. By promoting work assignments based on the right employee for the right job, creating opportunities for training, and improving employee competency, we seek to strengthen our development capabilities.

This past spring, we reorganized our human resources operations in the development divisions to further promote strategic investment in human resources. Through this, we support human capital with the aim of promoting business growth in our development divisions and are able to secure the people and capabilities required to grow title profits and productivity.

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

(Fiscal years ended March 31)



Hiring activities



## Training globally competitive developers through our new human resources investment strategy

Over 100 developers hired annually

<p><b>Internal Branding</b></p>	<p>Training that concretely defines the value presented by our brands to ensure our teams understand the kind of fun we should aim to provide. Passing on our development DNA to the next generation of creators.</p>
<p><b>Personalized Human Resources Data</b></p>	<p>Curriculum that effectively supplements experience and skills gaps based on a combination of information gathered on each individual's characteristics to develop high performers early in their careers.</p>
<p><b>Improved Organizational Capabilities</b></p>	<p>Short-term intensive programs for new hires to acquire job-specific skills and become more effective earlier in their careers through on-the-job training. Additionally, strengthening our management system to provide better care for new employees.</p>



**Nobuyuki Matsushima**  
 Managing Corporate Officer  
 Head of R&D Management Division

### Passing on the Capcom DNA to the next generation while building world-class skills and sensibilities for new employees

In order to continue providing the global market with content of value, we must channel our efforts into maintaining world-class development capabilities. We do this by passing on our DNA—encoded to create the world's best entertainment—to the next generation of creators while integrating it with the skills and sensibilities that new talent bring with them. To that end, we have to secure new human resources who possess diverse values and sensibilities, and how we train them will be critical. Under our new human resources investment strategy, the R&D Human Resources Department works for everyone who is engaged in development, and has begun refining our environment and training curriculum alongside the managers within development. This will enable our people to acquire essential skills and techniques based on the key concept of understanding what sort of entertainment players enjoy regardless of language or culture, within a world where we can connect with anyone, anytime, anywhere.

### Three training policies that strengthen competitiveness

There are three human resources training policies: improved organizational capabilities, personalized human resources data, and internal branding. In our training for new employees, we offer short-term intensive programs to acquire job-specific skills and on-the-job training to help them become more effective earlier in their careers. Additionally, we are building a system of management to provide follow-ups and care for new employees, and other measures within our training to improve our organizational capabilities. Next, we have taken on a new initiative to promote the personalization of human resources data.

In addition to analysis of centrally managed human resources data, we have also started to strengthen analysis of predictive information that incorporates marketing concepts in order to create an environment that can manage talent strategically. Analyzing competency, which is a behavioral trait of high performers, we are implementing a curriculum from the perspective of how to train people as high performers as early as possible to effectively supplement gaps in experience and skills based on information gathered on each individual's unique combination of characteristics.

And most importantly, we are strengthening our internal branding efforts with the next generation of creators in order to pass on our content development DNA. We are conducting training to help employees understand the sort of entertainment we aim to provide by concretely identifying the value of our content and channeling that into game development. In addition, we are putting effort into building an environment where employees can learn more effectively about the world-class technologies required for next-generation development; for example: geometric optics, rigid and fluid body dynamics and kinematics, network technology, AI, information security, and data analysis.

### Honing our sensibilities to connect to the world with unique emotional experiences

The curiosity to continuously pursue the essence of fun and the courage to constantly challenge yourself. Capcom wants people with these aspirations. Each of our employees is honing their sensibilities to connect with the world on an emotional level as only Capcom can do. We are creating a training environment where the people who make up the foundation of our company can utilize their skills and curiosity to drive one another to be better, so that we can continue to create play that has value. The entire company is working toward this goal together under the flag of the new human resources investment strategy.

## People in Development



## Capcom's employees thrive in an environment that encourages learning and taking on challenges



### Chikako Kijima

Gimmick/Level Designer  
Game Development Section 5  
Game Development Department 1

<Credits>  
*Resident Evil 7: Biohazard*  
*Resident Evil 2*  
*Resident Evil Village*

### Creating never-before-seen games with teamwork

When I applied to Capcom, I did so because no other company provided the opportunity to work on games with the same level of cutting-edge graphics. Since joining, I have primarily worked on the *Resident Evil* series, which continues to captivate the world through its state-of-the-art technology, and I am responsible mainly for creating backgrounds and gimmicks. I really felt the pressure when I was appointed Lead Gimmick Designer for puzzles for the first time on *Resident Evil 2*, but I also realized that communication and teamwork would be critical to succeed. I strove to coordinate with my team and together we pulled it off, leading to a great reception from players, which made me immensely happy. Two years ago, I returned to work after giving birth and taking childcare leave. The environment is just as rewarding as it was before; this is where I want to continue creating new games while squaring off with new challenges, making use of the skills I cultivated during my work on game series.



### Masanari Murakami

UI Designer  
Game Development Section 2  
Game Development Department 2

<Credits>  
*Dragon's Dogma Online*  
*Resident Evil 2*

### Further increasing the appeal of a game with new UI

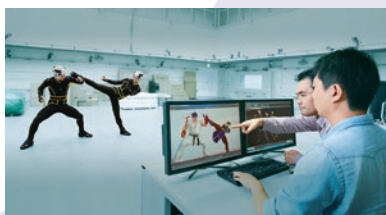
I get to be involved in the development of titles I often played in my personal life, such as *Resident Evil*. This brings real satisfaction to my work as Lead UI\* Designer, where I am responsible for creating the control interface environment for players. During my third year at the company, I was appointed as Lead UI Designer for the first time on *Resident Evil 2*. I was nervous, and I felt unsure about the design direction, but as I consulted with more senior employees, I grew more capable in devising solutions that I felt satisfied with. At Capcom I am surrounded by colleagues who share the same vision of creating good games, and the environment allows me to do this while exchanging ideas and opinions, which drives all of us to improve. As I continue to learn from the diverse experiences of my highly skilled senior team members, I will also continue to pursue innovative, easier to use UI.

\* UI is the abbreviation for User Interface. UI designers coordinate and design display screens and control methods for exchanging information with users.

## Development environment

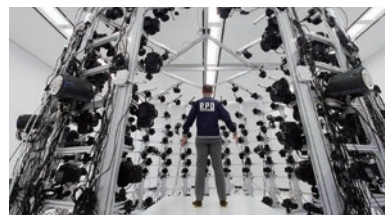


## One of the world's leading creative environments



### Our motion capture studio reproduces realistic movement of people and objects

At our motion capture studio we use infrared cameras to detect the movements of people and objects in the real world and convert that into computer data. We have one of the largest studios in Japan, which boasts a 7-meter high ceiling making it possible to film wire-based acrobatics, stunt falls, and other actions performed from great heights. This allows us to pursue realistic motion in our characters and objects.



### 3D scanning studio reduces workload while raising precision

Our 3D scanning studio is one of the world's largest and is equipped with approximately 310 cameras. Photographing people from 360° enables us to scan them as 3D objects. This significantly shortens the CG modeling process and allows us to pursue an even higher level of precision and quality.



### The Dynamic Mixing Stage: our 3D audio booth

We use a cutting-edge Dolby Atmos system, which can also be found in movie theaters, and which uses binaural technology capable of reproducing sounds with such reality you feel as if you are right there. This enhances the immersive feel of a game by influencing players' aural perception in addition to their visual perception.



Technical development

Honing the essence of our brands and providing unparalleled experiences with our creative and technical abilities. We continue to take on new challenges with our original content—from Osaka, to the world.

Executive Corporate Officer,  
head of Consumer Games Development Division 1 and Technical Research Division

**JUN TAKEUCHI**

A long-time veteran of the *Resident Evil* series, he now oversees Consumer Games Development Division 1 and the Technical Research Division. He was appointed to his current position in April 2022 and is focusing on global strategy, development management, and technical management.

### Delivering games that capture Capcom's true essence to the world

Creating titles that resonate with players around the world is the idea that drives our game development. Today, our titles are sold in more than 200 countries and regions, and Consumer Games Development Division 1, which I oversee, has long been focused on creating games for the global market, producing numerous brands that have been immensely popular overseas, such as the *Resident Evil* and *Devil May Cry* series.

I am grateful that the *Resident Evil* series, which boasts a total of 127 million units in sales (as of June 30, 2022), has been loved by players around the world for over 25 years. Even today, what people want from the series remains unchanged: an overwhelming experience of terror. Added value, such as entertainment, is also important, but the key to becoming a long seller is pursuing the essence of a title. I believe that the essence of this series is terror, which is a feeling that can be understood throughout the world. While developing *Resident Evil 7 biohazard* (*Resident Evil 7, below*), our theme was returning to our roots, and as developers, we took another look at the true essence of *Resident Evil*. The result was an immersive and terrifying experience highly acclaimed by users around the world that became a hit title selling more than one million copies annually since it was released six years ago. Looking to the future, as part of our research into cutting-edge technology we took a proactive approach to

supporting VR and providing a terrifying experience in a variety of ways.

In addition, the 2019 release of *Resident Evil 2* was not simply a remake of the longstanding popular title. We challenged ourselves to find the essence of the series and provide a new terrifying experience more realistically and dramatically using the technology available to us today. Development was a series of trials, but we made good use of the experience we acquired with *Resident Evil 7*. The resulting game was well-received by users, going on to sell more than 10 million copies worldwide.

While each title in the *Resident Evil* series has its own complete story, all the stories in the series are also connected. Therefore, in providing remakes our aim is to give newcomers to the series a chance to learn the larger plot line of the series that fans already know. *Resident Evil Village*, released in 2021 as the sequel to *Resident Evil 7*, also earned great acclaim worldwide from the time it was launched. I believe that this game also has the potential to become a long-selling global hit, joining the ranks of the other titles discussed here.

In terms of sales as well, with the global popularization of digital sales, we now have an environment where people can play the games they want to, when they want to, regardless of country, region, or how long ago the game was released. Furthermore, with the promotion of our multi-platform strategy, we are working to allow all users to start playing new games on the day they are released, regardless of what hardware they own, by aligning release dates across all hardware.

## RE ENGINE: Our proprietary game development engine that makes the impossible, possible

The "RE" of RE ENGINE includes the concept of "reaching for the moon," of using this engine to make the impossible, possible. The engine supports high-fidelity visual expressions, VR and other cutting-edge technologies, as well as multi-platform development. Capcom's game development and engine development teams work together to constantly upgrade the engine to suit each title. The engine is always evolving with the aim of making it simpler and easier to develop advanced technology and create globally competitive titles.



### The potential of RE ENGINE

RE ENGINE was created with the goal of developing all our titles with this single engine. It is designed to maintain compatibility by modularizing its different functions by title.



### The advantages of in-house development

The engine is customized to develop the content that we want with more speed and ease. Cloud computing makes it possible to increase capacity when needed, supporting the development of multiple titles. It can also flexibly accommodate additional future platforms.

We have streamlined our development environment by simplifying complex technologies to make them easier for developers to handle.



### Leading-edge graphics

We are creating photo-realistic visuals, intricately reproducing images using simulation techniques, including ray tracing and radiosity, to perform complex processes, such as light diffusion and refraction. The research, development, and adoption of various leading-edge technologies keeps us ahead of the changing environment.

Continuously evolving our content to keep pace with the values and technology of the times will generate titles that will be universally enjoyed around the world going forward.

### Leveraging the full potential of creators' sensibilities and bringing new games to the world

The cornerstone of development is people. At Capcom, we have adopted an agile development system that allows us to assign personnel to titles as they are needed in order to create an environment where each and every employee can demonstrate their talents and abilities. Being a flexible organization has significant advantages in terms of game development as well as employee motivation. Our training method also changes in accordance with personality as we aim for a system that can further enhance an employee's strengths. For example, young employees are taking on the challenge of creating the new IP currently under development, *Pragmata*. The girl that appears in the trailer video of the game was not produced with our standard 3D scan method, but rather was created by younger employees from scratch using a completely different approach. These digital natives are bringing a breath of fresh air to Capcom with their unique sensibilities.

While focusing on the detailed craftsmanship of a game is important, in order to make a title successful as a business it is also important to have an objective sense of balance and take in the big

picture. There are three basic rules for game development that I share with younger employees: 1. games that provide something completely new provide value, 2. games should be entertaining to people around the world, and 3. by building a track record for yourself, you can create the games you want to create. I want them to approach development from the player's perspective, while instilling Capcom's true essence into our games.

In addition, I consider employees' health of the utmost importance, and in step with our human resources investment strategy we are promoting the creation of a comfortable work environment with enhanced benefits and thorough labor management. The proportion of non-Japanese members on the development team is rising, and I am proud to have an environment where better game development can take place based on diverse values. I believe the role of the development division is to maintain diversity while providing the world with games that leverage Capcom's strengths as a Japanese game producer.

One of the directions for game development going forward is for users to have fun interacting with one another within a game world. People will gather around a certain theme and enjoy games as if they live in that space. These will be content-first games. Beyond that, we are aiming for development that raises players' expectations and makes them wonder what kind of fun Capcom will provide next.