Twitter Thread by Jacob Navok



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1/ Yesterday’s closure of Stadia’s internal studios and business realignment shuttered Google’s cloud gaming platform strategy. In this thread I'll explain

2/ In the history of the game industry, first party content has been required for the success of platforms. Mario for Nintendo, Uncharted for Sony, HL2 for Steam. Microsoft knew this when they bought Bungie to release the Xbox.

3/ The only exception have been smart phones, which didn’t start as game platforms, and are only successful as game platforms without first party because Apple and Google have closed the ability for competition on their devices (hence recent antitrust.)

4/ Indeed, if Stadia was the only cloud gaming platform allowed on Android, given time, Stadia could have been successful without first party content. But Google wasn’t willing to do that, nor should it have done so.

5/ First party content is not just a way to start the engine, it is THE POINT of gaming platforms. No one wants a Nintendo Cube or Microsoft Box, they want fun games. There are lots of fun games today, and many places to get them from.

6/ And it is first party content that tends to dominate sales:

Mario
Zelda
Mario Kart
Animal Crossing

Last of Us
Uncharted
God of War

Halo
Gears of War
Sea of Thieves

Half Life
Dota 2
Counter Strike

https://t.co/BiWQIH4K3b

7/ You can't just come to market and have the same games but fewer and non-exclusive. Epic's found that success with Fortnite, which enabled its ability to create the Epic Game Store.

@ballmatthew and I discussed this in our Epic Games Primer last year: https://t.co/JzCuF1FeiG

8/ Without first party, you'll have the same content as everyone else. All other platforms are paying for exclusives to drive users as part of this war. xCloud and Gamepass will stream content day and date, and see Stadia's value prop only as a feature, not as the platform.

9/ It's true that Cyberpunk was a good example of why cloud gaming has benefits. Cyberpunk is also a major exception in games; hence the lawsuits. Cyberpunk is not the norm. Cyberpunk will also likely run at similar quality on multiple other streaming platforms in the future.

10/ Furthermore, why buy games on Steam? Because the rest of your library is there. Game platforms are sticky because of their network effects. Other users play there, so your library grows there. That begins because of Half Life 2, because of Fortnite, because of Halo.

11/ In today's industry there is a massive battle for content, and exclusivity's opportunity cost is so expensive, it is CHEAPER to acquire (see Microsoft's purchase of Zenimax) than to pay for exclusivity, which ends up to be only a time window. https://t.co/YsvzZv65Se

12/ There is no strategy that relies on merely publishing third parties that doesn't result in failure. Third parties still have to develop exclusives, and those exclusives are going to be tremendously expensive, and take time, the very reasons first party is being shuttered.

13/ To point: "Creating best-in-class games from the ground up takes many years and significant investment, and the cost is going up exponentially." This is also true of third party, and it will always be MORE expensive to buy the best third party content. https://t.co/smxDENzXc5

14/ So if you don't want to pay and wait you end up lost, exactly what @joosterizer was saying yesterday: "Without marquee titles in your catalog, what's the identity of a Google Stadia?" It's a downward spiral. https://t.co/5VJE1kiydw

15/ I'm also not bullish on licensing cloud gaming tech to publishers. There's a reason most publishers (like EA Origin) failed at developing Steam competitors on PC, which are arguably easier to operate than a cloud gaming platform with its high costs and regional limitations.

16/ And that reason has to do with storefronts and stickiness, and the very reason Epic gave away $2.4bn worth of content last year to build up its store. https://t.co/Go4KO4XdJ7

17/ We have to ask, what is the goal of cloud gaming? Is it to reach people with console games who never liked consoles, or is it to make games that appeal to non-console players?

18/ Last year, T2's Strauss Zelnick in an interview with @SethSchiesel pointed out that Stadia hadn't proven the market of "super interested in video games but you were just unwilling to buy a console" exists. https://t.co/sBpsA1f43G

19/ For more on cloud gaming and its opportunities, I recommend reading the essay that @ballmatthew and I wrote last year: https://t.co/UW2Cbm6kDQ

20/ New experiences are unlikely to first come from major publishers who must focus on where all of their revenues are, console, mobile and pc games. Furthermore, as @Tocelot noted, you need patience and a strong creative culture which is hard at big tech. https://t.co/zbRmPU2RMI

> Google Stadia closes in-house game studios and shifts to being a cloud tech provider
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> A reminder that making games is equal parts art + tech, requiring patience and a strong creative culture - elements that can be hard to build inside larger corpshttps://t.co/fmWxgqhnoj
>
> — Jon Lai (@Tocelot) February 1, 2021

21/ With Stadia's efforts shuttered, @GenvidTech's work on titles like @RivalPeak remain some of the only live content that is built for interactive streaming. We have a lot more coming from developers using our software. https://t.co/tPCjDhQw7O

22/ The closure of Stadia's internal efforts should lead to an opening up of the YT platform to third parties. @GenvidTech already offers streaming to YT, Twitch and FB, and we'd love to have access to the YT canvas directly like Twitch's extensions. Please make it happen Google!

23/ On a separate note, over the weekend I wrote a piece on game tech businesses for @VentureBeat that is also worth reading: https://t.co/TTLFxJIzp2