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NEW INTERVIEW: Former Chairman of Sony Entertainment on Nintendo's Everlasting Intellectual Property

'Mario is probably impervious to extinction'

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Mario is probably impervious to extinction.

Why is that?

Because we all love the Italian plumber. What's not to like? What puts all great IP at risk, of course, is a bad iteration. Mario is safe in the hands of Nintendo because they know exactly what he is supposed to do and how he does it and when you bring him out. Throughout my career, about every four or five years, someone will come up and say, hey, I've got this great cart-based racing game; it will be just like Mario Cart. I'll say, is Mario in it? Of course not; then it's not Mario Cart. Everyone has tried to make a cart-based racing game but if you don't have Mario, then it's not Mario Cart. That's exactly what it comes down to.

A bad iteration of a game can be deadly, just like a bad iteration of a movie can be deadly. For many of us, there were really only ever two Alien movies. I don't know about the other ones such as Alien 3 and everything after that. For me, there are only two Godfather movies. A bad iteration can be very damaging to a franchise.

Nintendo has 100 years of experience in gaming.

'They are the masters in this field'

What about the approach that Nintendo has taken to console development, given that they have a different philosophy and history in gaming?

A few years back, I think that Nintendo took some decisions to really lean into their strengths, around very accessible gameplay, delightful characters and very family friendly content. They have also had a long and successful history with handheld platforms. Sony tried that for a while and, eventually, pulled out. I think that Nintendo has found a really good place in that arena. I don't think they are in the, chasing the edge of technology business, like Microsoft and Sony seem to be; ever faster, ever stronger. I think Nintendo is happy to be in its very lucrative and fan-friendly place that it is. But I don't see it getting back into the mix, with the other platforms.

It's almost as if they are playing their own game. As you said, Xbox and Sony are fighting on the technical side of things, with those AAA games and the high res graphics. Nintendo are almost standalone, in the way they develop their consoles, but also the gameplay. It seems to make them a very unique proposition, in the market?

Yes; I think that is maybe their key to success, right now. Sony needs to come out with things like the Ghost of Tsushima and Microsoft needs to get behind some of their big titles and Nintendo can come up with Animal Crossing and make the world stop. They are the masters in this field; they have been in it so much longer and they have such a good understanding as to who their fans are and how to keep them happy, all the time. It's extremely impressive.

And such a unique philosophy, which seems so long-term focused?

It's an old company. I think Nintendo is about 100 years old. They have a long-time horizon. The same could be said of PlayStation; Sony has been around for over 75 years. Because 'generations' of consoles, typically, take six years, plus or minus, before they come out again, you do have to have a long-time horizon to set against that. You have to create a technology that is also ambitious enough that, six years from now, it will still feel solid. I look at PlayStation 4 games, right now, and they are amazing. That technology is, arguably, six or seven years old.

'As a platform holder, our job is to create a wider audience, continually.'

Has the position of the platform owner changed much as the platform shifts?

There are many ways to measure that, depending on whether you are talking about market power or about changing the whole idea of entertainment itself. We used to say, when I was at PlayStation – because we were a platform holder and we were a game developer, at the same time – as a first party, our job really wasn't to capture market share from other players, whether that be Electronic Arts, Square or Capcom. Our job was to grow the pie and not to steal somebody else's piece of it. As a platform holder, our job is to create a wider audience, continually.

In that vein, I think Sony brought a lot of innovation such as, back on PlayStation 1, a game called PaRappa, which was very successful and it introduced the whole concept of a rhythm action game. Later on, on PlayStation 2, Sony brought out something called SingStar, which allowed you to have that karaoke experience at home, with a microphone. All these kinds of innovations are very difficult for third parties to do, because the ROI is hard to predict and growing the pie, overall, is not an imperative for third party developers. But Sony took it on to do that, to bring new innovation.

Things like PlayStation Virtual Reality, PSVR, was a whole step change in the gaming community, which platform holders are obligated to do. We're obligated, as a platform holder, to continue to bring innovation, bring newness, bring excitement to the overall platform while, at the same time, in the studios, making awesome games which show the power of the technology.

'I think Nintendo really understands the game design maxims for a handheld platform and then how to leverage their very powerful IP vault in that medium.'

What are the challenges in that market?

When you make a AAA game, like Assassin's Creed or God of War or Red Dead Redemption, you're talking about an investment of double digit or, more likely, triple digit millions. It's very difficult to then take a game like that and drop it into a subscription formula. How are you going to make that money back? I think we're seeing an interesting phenomenon with Hollywood, with all the movie theatres being closed. Instead of launching their tentpoles, they just keep pushing them out, two months at a time, because they're also realizing that they can't make their money back on a $150 million movie, by putting it into a subscription service and earning two cents every stream it goes down; there are not enough people on the planet to manage that kind of costing.

I'd just prefer not to talk about the handheld anymore.

I guess I'm curious about Nintendo's launch of their portable handheld device and why Nintendo seem to have cracked that market? Is that because of their first-party content and the history? What's your view on that?

They've been in handheld devices since the 80s. 40 years of experience means something. I think they've had their content which is based on, or optimized around, or targeted to, that kind of handheld experience. Creating games for the handheld is very different from doing it for a console, such as the concepts around that and game design. Typically, people won't be spending four hours, staring into a handheld screen. You have to make your gameplay accessible, snackable and you have to be able to get a quick sense of accomplishment.

Whereas you might sit in front of your console, playing an epic narrative game and not be too fussed that you've just spent 30 minutes riding your horse across a desert, you probably don't want that same experience in a handheld. I think Nintendo has just really polished that model, over time, and really understands the game design maxims for a handheld platform and then how to leverage their very powerful IP vault in that medium.

It seems Fortnite and Roblox is additive to the industry and not exactly zero-sum vs AAA games?

When you look at the value of the intellectual property, which is a function of eyeballs or engagement from gamers, it's a fact that Fortnite and Roblox are consuming a lot of the attention of young people today. Does that reduce the lifetime value of Mario Cart or Zelda or any of these narrative-based games or characters?

No; I don't believe so at all. Again, because of its basis in technology and bringing technology and entertainment together, which is the essence of the video game platforms, I think it really allows it to become a much wider church. In film, the success of The Lord of the Rings didn't mean that people stopped watching Star Wars and vice versa. There are a lot of places for people to go.

In gaming, it is the same. People who are involved in the world of Fortnite, or dive themselves into the world of Roblox or Minecraft, are also playing huge narrative games, when they arrive. The typical gamer has a very diverse palate. The only thing that you look at, from the perspective of what takes away from other things is, yes, of course, some of these games consume a vast amount of time. Time is the one resource which has its own limitations. Unless you are Dr Who, you can't bend it. It used to be the same thing with Call of Duty and FIFA. You would spend all your time playing FIFA, that you don't play any other games. I think that's probably true. I think the number of discrete games that are released in any given year, on the consoles, is probably not growing and I think it's getting harder and harder for what you would call AA games to get their proper recognition.

Parallels between gaming and film IP

'because gaming is so tied to technology (which) has to keep moving forward in order to bring more immersive experiences, previous generation games are not compatible with the new technology'

Do you think this is going to lead to those tentpole franchises remaining at the top, year on year?

The difference, again, between gaming and movies, is that because gaming is so tied to technology and technology has to keep moving forward and getting more powerful, in order to bring more immersive experiences through your game, we have this phenomenon which is that previous generation games are not compatible with the new technology. Typically, when a new platform comes out, all of a sudden, everything from the previous generation gets locked in a box, because you can't take your PlayStation 3 game and put it in your PS4.

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We did a number of those, during my time at PlayStation and other companies have done the same. If you talk about the IP power of gaming, it's true, but it has these breaks in the cycle, where entire franchises can disappear, because you can't access them anymore. I can always watch The Godfather; I can always watch Gone with the Wind. I can find it somewhere and one of my devices will be able to get it. I couldn't play Battle Arena Toshinden anywhere now. It was a great fighting game on PS1, but it was never updated and it's gone forever.

The faster technology moves, the greater the challenge in sustaining the value of the IP

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A bad iteration of a game can be deadly, just like a bad iteration of a movie can be deadly. For many of us, there were really only ever two Alien movies. I don't know about the other ones such as Alien 3 and everything after that. For me, there are only two Godfather movies. A bad iteration can be very damaging to a franchise.

Do you think it's harder to do a bad iteration with Mario, versus the likes of COD? Or does it just depend on the developer and the owner of the IP?

It all depends on the developer and the owner. Given their history, I think it would be very difficult for Nintendo to do a bad iteration of Mario. I think they've got that one dialed. First-person shooter games are really about telling a story. They are about implementing a mechanic – in this case, shooting – and different modes, such as Death Match, Domination, War Zone. They all have some similarities. I think the attraction of those titles are just about what the particular gamer sees in that. I'm not big into Fortnite, because I don't like building. I don't mind the shooting part and the Battle Royale part, but I'm not attracted to the, collect wood and build fences and staircases and things like that. So I augur more towards a Call of Duty Battle Royale experience, because I don't have to do those things.

First-person shooters have been around since the time of Doom. I think that category is fairly evergreen. It's a game mechanic that people understand fairly easily and can hone their skills, over time.