

Microsoft teams up with Japanese game studios

September 16 2010, By TOMOKO A. HOSAKA, Associated Press Writer

(AP) -- Microsoft Corp. kicked off the Tokyo Game Show Thursday by unveiling plans to help Japanese game makers - recently seen as insular and lagging overseas competitors - to aggressively pursue a bigger share of the global market.

In a keynote address, Phil Spencer, head of Microsoft's games division, announced five new partnerships with Japanese studios and declared the country's creativity as key to the Xbox 360 console's future.

"Japanese games are the games that the world loves to play," Spencer said, noting the Japanese origins of classic arcade games like Donkey Kong and Pac-Man.

The Tokyo Game Show, which runs through Sunday, is Asia's largest video game trade show. More than 185,000 people attended last year's event.

The game industry in Japan has engaged in frequent hand-wringing in recent years over signs of decline: insularity and a shrinking home market, a dearth of young developers and a sense that it had fallen behind Western game technology.

At the 2008 Tokyo Game Show, the chief executive of Square Enix Holdings Co., a major Japanese game publisher, made waves when he declared that Japan had lost its place as the world's video-game leader.



While Japanese titles used to dominate, their popularity in the West has receded as U.S. companies like Electronic Arts and Activision grab market share.

Meanwhile, Microsoft has been on a bit of a roll lately. The Xbox 360 was the best-selling console in the U.S. three months in a row, according to market research firm NPD Group. It shipped 356,700 units in August, up about 66 percent from last year.

The console is No. 1 across Europe as well, Spencer said. Microsoft appears to have a blockbuster on its hands with the latest edition of its popular "Halo" first-person shooter franchise. Released Tuesday, "Halo: Reach" made \$200 million on its first day alone, making it the biggest entertainment debut this year.

The Redmond, Wash.-based company also has high hopes for Kinect, its new controller-free gaming system that goes on sale in North America on Nov. 4.

Once known as Project Natal, Kinect stretches the concept of motion capture that propelled the Nintendo Wii's global success. Instead of a hand-held controller, Kinect relies instead on a camera system that recognizes gestures and voices, enabling players to control on-screen avatars in action and sports games simply by moving their own bodies.

Spencer said Microsoft's momentum represents an "incredible opportunity" for both Japanese developers and his own company.

"We've seen the industry move to a place where we're trying to engage more and more people to play games," Spencer said after the keynote. "And that plays to the strength of what Japanese game design history is all about.



Microsoft has inked deals with five Japanese companies - Spike Co., Treasure Co., NanaOn-Sha Co., Grounding Inc., Grasshopper Manufacture Inc. - all of which are developing Xbox-exclusive games for release in 2011.

Goichi Suda, CEO of Grasshopper Manufacture, told the crowd that his company is working on a core action game for the Kinect called "Codename D."

Kinect will be sold bundled with the Xbox or as a stand-alone system, which can be connected to existing consoles. It will cost \$150 in the U.S. and 14,800 yen in Japan.

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