Corporate Profile (As of March 31, 2016)

Name of Company	CAPCOM CO., LTD.
Date of Establishmen	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	2,839 (Including consolidated subsidiaries) 2,114 (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
R&D Building #2	3-1-10 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan PHONE: 81-6-6920-7750
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

Please see the Capcom Integrated Report 2016.

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/

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.
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 100 countries around the world.
Sep. **2013**	Released *Monster Hunter 4* for Nintendo 3DS. The *Monster Hunter* Craze sparked again with the sales over 4 million units sales.
Nov.	Released *Dead Rising 3* for Xbox One. Capcom's first title for this new game console, marked over 1 million units sales.
Mar. **2015**	Signed a regional invigoration and inclusion agreement with the city of Kofu for the use of *Sengoku BASARA* characters in regional invigoration activities and the promotion of tourism in Kofu,Yamanashi Prefecture.
Dec.	Officially launched *Monster Hunter Online* in China in cooperation with Tencent Holdings Ltd.

SECOND TO NONE | 2016

The Latest Development Report

CAPCOM

Second to None: Continuously Fear of Change, We Aspire to Be

Rising to the Challenge Without the World's No.1 Game Developer

In July 2016, Director and Executive Corporate Officer Yoichi Egawa was placed in charge of Consumer Games Development. Egawa joined Capcom shortly after its founding, working in arcade video game development, Capcom's core business at that time. Later, he developed home video games and contributed to the establishment of the Pachinko & Pachislo and Mobile Contents businesses. This game development pioneer spearheads Capcom R&D.

Taking an Offensive Position Toward Changing Market Trends

The Chairman issued a manifesto, which reemphasized that we will not compromise on the products we release to market; an insistence on quality and the development of the world's number one games. He demands we reflect on whether we are maintaining a balance between meeting our ship-dates and craftsmanship. As I am in charge of Consumer Games Development, my mission is to see these directives carried out anew. Although I have just been appointed, there is no time to waste. First, I think there is a need to understand what issues we're facing on the frontlines of development, so I am deepening communications with R&D staff across all ages and functions.

At present, Capcom is focusing efforts on retaining talented employees and making capital expenditures in an attempt to strengthen development capabilities. In addition to aggressive hiring activities focused on new graduates, we constructed a second R&D building. Furthermore, we have established an environment enabling

development teams to take on new challenges, including the creation of one of Japan's largest motion capture and 3D scanning studios.

These investments further advance our development technologies and enable us to adapt to a game market that is transitioning from a transactional model to an operation-focused, recurring revenue model of business. Releasing games that continue to hold users' attention while maintaining a sense of speed will be indispensable in game development going forward. To this end, we will concentrate development resources internally and respond to changing market trends.

Weeding Out Issues to Build Fertile Ground for Game Creation

During discussions between marketing and senior management (which included development staff as well), two issues came into view: strengthening our development structure and brand management.

First, regarding the former, at present domestic development is conducted under three divisions. Division 1 creates global contents including *Resident Evil*. Division 2 works with online games such as *Street Fighter*. Division 3 develops contents for Japan, including *Monster Hunter* and *Sengoku BASARA*. Although the divisions interact, because each is so focused on getting the best results within their area, it is difficult to say there is overall

coordination. For this reason, I think we must mobilize technologies and expertise in an attempt to optimize R&D overall. Also, to further expand the organization, we must develop core human resources able to drive and lead younger employees.

As for the latter, brand management, we will plan out sales launch timing and platform compatibility for each brand individually, such as for *Monster Hunter* or *Resident Evil*. Production is the role of the development side, but the when and how of sales is the role of the business side, thus we will link these two in an attempt to maximize value.

To address these issues, our immediate objective is to create an environment in which the entire Company can engage in the development of interesting games. I am able to understand both the spirit of R&D and the mind of business precisely because I ascended to a management position after experiencing game development. Armed with this understanding, I will build a soil bed in which our next buds can sprout and grow.

After These Challenges, More Challenges Await!

A new wave is fast approaching the global game market. This year, all eyes are focused on virtual reality (VR). Hardware manufacturers are releasing a variety of gear, which have been a hot topic of conversation. Additionally, eSports (electronic sports), which bring the thrill of baseball or soccer matches to competitive video games, are increasing in popularity around the world. To catch this wave, Capcom will release *RESIDENT EVIL 7 biohazard* in January 2017 (see page 3). This title's shocking world

of horror and incredible VR technology will showcase Capcom's production capabilities to the world. In terms of eSports, in addition to the global Capcom Pro Tour sponsored by subsidiary Capcom U.S.A., INC., we will collaborate with other companies to create eSports event opportunities throughout the year with the aim of acquiring new users.

Going forward, as we aim to become the world's number one game developer, we feel that while it is of course necessary to advance and expand upon existing content, it is also necessary to take on new challenges. We cannot ignore genres such as shooting and strategy games with massive numbers of players when considering Consumer, Online and eSports market growth potential. We will make use of our strengths and keep a close watch on market trends while moving forward with the kind of game creation only possible at Capcom. The new challenges have only just begun.

Yoichi Egawa
Director and Executive Corporate Officer

After joining Capcom, Egawa worked in the development of arcade games for amusement facilities as a programmer involved in the development of CP system boards. Later, after developing home video games, he established the Pachinko & Pachislo (P&S) business in 1996 and the Mobile Contents business in 1999. After serving as General Manager of Creative Division 5 in 1999, Egawa was appointed Corporate Officer, Head of Contents Expansion Business Division. He was appointed Managing Corporate Officer in 2011 and Executive Corporate Officer in 2013, his current position.
At present, he is in charge of Consumer Games Development and Amusement Equipments Business.

DEVELOPMENT STRATEGY

Proactively listening to the opinions of young team members. Occasionally, heated debates about production take place over meals together.

Positioned between the development workplace and senior management to better communicate the ideas and contentions of both.

Visiting the workplace to understand actual development conditions. Seeing things from a different perspective than immediate supervisors raises awareness of potential issues.

01 | *RESIDENT EVIL 7 biohazard* Delivers a Fresh Taste of Fear to the World

Jun Takeuchi
Managing Corporate Officer
Head of Consumer Games Development Division 1

As a Managing Corporate Officer, focuses efforts on global strategy and development management. Worked on *Lost Planet 2* and *Resident Evil 5*. Currently heading up development of the new *RESIDENT EVIL 7 biohazard*.

An Overwhelmingly Terrifying Experience in this Horrific Return to Form

In the dimly lit interior of a dilapidated mansion strewn with broken furniture and tinged with humidity and heat...

The trailer for *RESIDENT EVIL 7 biohazard* (hereinafter, *RESIDENT EVIL 7*) was shown at this year's E3, with the January 2017 release date greeted by loud cheers from the audience. Seeing that reaction, I thought to myself "right on!"

The *Resident Evil* series involves fending off a terrifying onslaught of zombies while attempting to escape from desperate situations and make it out alive by any means possible. We've been evolving the series, which has let users enjoy this terrifying world, ever since the first game was released in 1996. However, we've heard some fans say "the old *Resident Evil* was scarier." Of course, the stronger the initial shock, the longer people will remember it. But was that why it felt scarier? Or did we leave something behind in the process of moving the game forward? Now, with the arrival of promising new trends in VR, we are once again engaged in developing a kind of terror only Capcom—who built the survival horror market—can provide. Crafting a story that delivers a palpable experience of fear through virtual reality, we also revamped our conventional third-person perspective (TPS) game system with a highly immersive isolated view (first person perspective).

Bringing New Technologies to Match the High-Spec, Next-Generation Game Consoles

Development was plagued by a series of difficulties. This was because, in addition to the high-resolution, high-performance PlayStation 4 and Xbox One, we also decided to make the game compatible with the new PlayStation VR. With VR, we couldn't bring the game to market unless it had photorealistic graphics on par with live-action films. To create that level of quality, conventional production methods would take too long and cost too much.

Thus, we had to rethink the way we make games. In order to carry out asset-based (graphic and 3D model elements) development, which is globally the mainstream, we began developing our new RE ENGINE (see page 5). To produce these assets, we adopted 3D scanning (see page 6), facilitating instant data creation by recording subjects in 360 degrees with one shot. Beyond that, we steadily increased the precision of our VR technologies (see page 7), which was a new challenge for us altogether. At first, the development team members were understandably anxious, as we were simultaneously taking on some non-conventional processes. However, as the completed product began to take shape, the team became energized.

Of course, *Resident Evil* is a wildly popular series in the United States and Europe. We localized, or "cultural-ized" (see page 8), the game's content for suitability with other cultures in order to achieve player immersion across the globe.

The Ongoing Pursuit of the Global Pinnacle in Horror Entertainment

This year marks the 20th anniversary of *Resident Evil*, Capcom's flagship title and a series that has sold a cumulative total of 69 million units. The *Resident Evil* world has been embraced in every country, adapted into Hollywood movies and amusement park attractions, and has become a franchise that even people who do not play games are familiar with. I have strong feelings for this series, having been personally involved since the first game. However, I am exceptionally enthusiastic about this new title. This is because this year, which some are calling "VR year one," we will attempt to take the lead in this new market with *RESIDENT EVIL 7*. If we fail to deliver in terms of the game world or technology, we will be unable to create the kind of innovative game players demand. In order to succeed with both of these and take on the challenges in this new market, a balance between the wild instinct of inspiration and rationality of data analysis is indispensable. Being satisfied with the status quo means game over. Despite this difficult struggle, I am enjoying the challenge.

Increasing the focus on fear, we will take you deeper into the world's ultimate survival horror game. I want everyone to experience the upcoming *RESIDENT EVIL 7*.

Ensuring unity in direction by maintaining close communications with development team members. A variety of technologies were adopted for the development of this installment.

Using the RE ENGINE to carefully check the placement and details of meticulously designed dilapidated mansion walls, furniture and other props.

RESIDENT EVIL 7 incorporates psychological horror elements into the story to provide an unprecedented sense of fear in a startling virtual reality world.

Rendering an image using the RE Engine

A character generated using the 3D scanning system

RE ENGINE

Capcom's newest game engine, developed for this title. It enables photorealistic graphics that rival live-action film, with details ranging from the textures of various objects to motes of dust floating in the air.

Tomofumi Ishida
Lead Programmer
Technology Section

Joined Capcom in 2003. Involved with developing the MT Framework engine. After that, responsible for successive engine development as a technology leader.

An Engine Enabling the Artist to Fulfill Their Every Wish

Up to now, Capcom had built MT Framework, an innovative proprietary development engine used to make high-quality games. However, conventional engine specs were insufficient for bringing the realistic world pursued by creators in *RESIDENT EVIL 7 biohazard* (hereinafter, *RESIDENT EVIL 7*) to life. Thus, this time we ended up simultaneously working on the development of both the game and the new RE ENGINE.

The main feature of the RE ENGINE is its ability to dramatically reduce the time required for various game development processes. For example, the time required to test program changes has been reduced 90%, and materials made separately by creators can be combined in real time, which enables them to be used to instantly create other materials.

This engine also supports the high-resolution graphics required for VR compatibility at a rate of 60 frames per second. We faced numerous difficulties in trying to make these features a reality, however the team pulled together as one to make it happen.

Creating an interesting game should not be hindered by development engine constraints. If an artist expresses a desire to do something, the engine must evolve to make it happen. For this reason, all of us on the engine development team work in constant close contact with the game development team to promote improvements. This kind of flexibility can only be achieved through in-house production and is connected to enhancing Capcom quality.

I hope everyone will stop to admire the overwhelming high-quality of *RESIDENT EVIL 7*, the first title created using the RE ENGINE.

Painstakingly Crafted Reality with *Resident Evil*-Appeal

The theme of *RESIDENT EVIL 7* is "fear that sticks with you." Terror waits in the humid and stifling air—I want to create a realistic sense of that in 3DCG, so it clings to your body and memory.

To pursue realism, we created one of the world's largest scale 3D scanning systems, an important tool contributing to the meticulously crafted reality of our games. Leveraging the merits of possessing such a system in-house, we paid particular attention on this title to technologies that faithfully reproduce human expressions. This degree of reproduction is unlike anything that has come before, achieving realism that is truly human. Using this system, we are able to generate data on expressions from a variety of angles with just one shot, dramatically increasing development speed.

However, we are not merely pursuing efficiency or photorealism. On top of overwhelming realism, we've added characters and other touches typical of *Resident Evil*, resulting in a game that appeals like only Capcom games can. To achieve this, the work flow was revised to complete casting, special-effects makeup and costume coordination in the steps prior to character design. In doing so, we further enhanced accuracy and were able to better reflect the feeling of the *Resident Evil* world in the 3D data, creating reality so convincing it is as if the characters actually exist.

I want everyone to play this new title to experience realism in a game like never before.

3D Scanning

In *RESIDENT EVIL 7 biohazard*, Capcom utilizes 3D scanning, employing its world-class, large-scale camera system to create more realistic characters.

Makoto Fukui
Technical Artist
Section 1

Joined Capcom in 1995. Worked as the character lead on the *Resident Evil* series from 2005. Currently a technical artist on this title working to improve the development environment, including asset pipeline development and creation of flows and tools.

Korean

Russian

Chinese

French

German

Arabic

RESIDENT EVIL 7

A sample of the various target languages.

Virtual Reality

Virtual reality (VR) is a technology that gives users the experience of actually being inside a virtual world. *RESIDENT EVIL 7 biohazard* is fully compatible with PlayStation VR and is Capcom's first VR title.

I Want to Show Capcom Means Business With VR

Capcom's first VR demo, *KITCHEN*, was shown at E3 in 2015. Seeing the terrified reactions of show-goers who experienced the demo displayed the affinity between horror and VR and made me confident that utilizing VR in the *Resident Evil* series would lead to success.

The global release of VR headsets in 2016 has led to this year being called "VR year one," and this is truly a time when the game market is evolving. Thus, establishing *RESIDENT EVIL 7*—VR content only Capcom can create—at the center of this market has become one of our objectives. To this end, it is critical to provide content with a sense of realism never seen before intermingled with the enjoyable game play expected from Capcom—which provides us creators with new challenges daily as we proceed with development.

One of the appeals of VR is the ability to break through the "controller wall." Until now, players had to use controllers to change the point of view during a game. In other words, players were only able to experience the game through the screen and controller. However, with VR the point of view changes by actually turning one's head, allowing players to also peer in and around. What if there are some hidden items down there? This fuses realistic experiences with fun. VR even enables us to incorporate ideas that until now were not possible.

When this game is complete, I want everyone to put on a VR headset and try it out. I'm sure then you'll understand that we mean business.

Kazuhiro Takahara
Programmer
Technology Section

Joined Capcom in 2007. Involved in the development of *Lost Planet 2*. After that, responsible for basic game engine development and in charge of VR technical development on this latest title.

Localization Means Translating Culture

The *Resident Evil* series has a multitude of fans throughout the world. As one of our major titles this fiscal year, *RESIDENT EVIL 7* will be localized into 13 languages and sold in all major regions, including North America, Europe, Asia and Japan.

This installment is sure to go down in series' history, and localization began early in the planning and development stages. We had an American writer create the script based on concepts established by the Japanese design team, while creators and staff in Japan and overseas worked to move development forward. We on the localization team are responsible for bridging these efforts. This back and forth is not limited to language. We also translate non-text elements like cultural aspects and design intentions.

On this title, we paid particular attention to reality for all users, especially those in the U.S. and Europe. The story takes place in America, and players are sure to notice if any aspect of the game is incongruent with the culture and climate of the United States. If too many elements are out of place, the dark world and atmosphere of the *Resident Evil* series may be lost. Thus, the localization check is not limited to the game's script and plot, but extends to voice actor performances and motion capture movements as well. At the same time, we are careful to avoid changing the unique ideas Capcom is known for. Working closely with designers in Japan, we successfully achieved a high degree of realism and maintained the unique flavor of Capcom.

All these efforts are aimed at providing players around the world with a realistic horror game. I want everyone to experience the new world of *Resident Evil.*

Localization

When people hear the word "localization," many imagine it simply involves language translation. However, localization at Capcom means game content is tailored to the cultural expectations of each country where the game is sold.

Miguel E. Corti
Group Leader
Localization Group
Global R&D Section

Joined Capcom in 2007. Involved in the translation of numerous titles including *Resident Evil 5*. Since *Lost Planet 2*, engaged in enhancing localization quality not only in terms of translation, but also through assistance and observation during motion capture filming and involvement in game script production.

02 | Wowing U.S. and European Fans with the Most Intense Zombie Action Game Ever!

Frank is Back in *Dead Rising 4*

The *Dead Rising* series features action adventure games in which players repel zombie hordes using a variety of weapons while attempting to uncover the truth behind a mysterious outbreak. Compared to other Capcom zombie games like *Resident Evil*, a survival horror game focused on fear, *Dead Rising* is an exhilarating, open-world sandbox action game where players mow down zombies by the truck-load. In addition to the fighting and weapons typical of the zombie genre, the incorporation of humor and a high degree of freedom that enables players to follow the story or just explore and have fun has made this a popular title in the U.S. and Europe.

The latest entry in the series, *Dead Rising 4*, is scheduled to be released in December 2016 for the Xbox One and Windows 10. As in the original title,

this new game will be set in the town of Willamette, Colorado, where the townspeople are being attacked and turned into zombies. As chaos ensues, it's up to Frank West to shoot, smash and splatter his way to the truth. A fan-favorite, Frank is the main character from the original game. *Dead Rising 4* is packed with new elements beyond imagination, which ramps the fun up to new dizzying heights.

Using Cutting-Edge Technologies to Bring a Flood of Ideas to Life

Our aim with *Dead Rising 4* is to provide fans with action and survival that exceeds their expectations while adding humor to the fun. The development team came up with one idea after another, like "let's have faster, scarier zombies that run, jump and climb to get at you," or "why don't we create the ultimate combination and let

Frank combo himself in an Exo Suit?" and "how about if we include fights between survivors that haven't turned into zombies yet?" and even "let's make it so that four users can enjoy online multiplayer action together." Once we decided on the direction of the planning, we next started developing the programs for the animation and game. We maintained the high-quality graphics players demand while enabling the main character to be moved freely. Though you cannot see it onscreen, we used a number of advanced AI and other programs to make the game interesting, all of which are working behind the scenes.

The uncompromising efforts of the creators have resulted in a distinctive new title that will amaze users with the sheer number of zombies appearing onscreen at once, as well as the ability to freely combine weapons and vehicles enabling an unlimited number of ways in

CV is equipped with a soundstage and animation motion capture system, providing an environment that supports creative game production.

The development team constantly demos the game. This provides an important opportunity to check each other's progress and exchange ideas on improvements for the game.

What is behind the government conspiracy to unleash hordes of zombies? Frank will have to get to the truth first…or die trying.

Joe Nickolls

Studio Director
Capcom Game Studio Vancouver, Inc.

Has engaged in development of soccer and other sports games for major game companies. Currently Studio Director of Capcom Game Studio Vancouver and in charge of *Dead Rising 4*.

which to take down the undead. I think the fans are really going to be pleased!

Capcom Game Studio Vancouver's Strengths and the Keys to Successful Global Collaboration

Whether a game is considered fun or not is closely related to the culture and customs of a country or region, so I think it was worthwhile to develop *Dead Rising*, which targets users in the U.S. and Europe, at Capcom Game Studio Vancouver (CV). This is because, by putting yourself within

a country and culture you are better able to naturally understand and express what that culture feels is interesting or fun. However, development collaboration between Japan and Canada is indispensable for making the title even better. At the development stage, the game visuals and programs are continuously shared globally in an attempt to refine them. We strengthen our support for promotional strategies aimed at target segments through teleconferences and business trips between Japan and Canada. No matter which country we are in, we are able to use the common language of gaming to move forward in the same direction.

The kind of game creation we aim for at CV is focused on taking on challenges rather than fearing risks. Titles that simply make the grade are meaningless. To enable staff to make the most of their abilities, we create spaces where opinions can be exchanged freely, hold classes on specific subjects and provide other opportunities for learning. In this way, we strive to make CV the most creative game studio in North America.

Miwa Hara
Senior Manager
Section 3, Department 1
Consumer Games Development Division 1

Responsible for the *Onimusha* series as a designer. After giving birth and taking childcare leave in 2004, was the background section leader on *E.X. Troopers* and *Lost Planet*. Has worked as a project manager since 2015.

Developers Discuss Capcom Development	**03**	Virtual Love in the Palm of Your Hand A Game Developed by Women, for Women

Making a Romance Game for Women Like Never Before

Toraware no Paruma, a romance game for women released in August 2016, is a distinctively unique title for Capcom, mainly known for action games.

The concept is "experiencing love behind glass." The player reaches out by communicating with their love interest through the smartphone screen. This is a kind of game never seen before that women of all ages can enjoy.

The player is brought to a lonely island in a distant sea, where she meets a young man with amnesia being held captive in a room there. The player interacts with him by providing advice, and before she knows it, becomes smitten with him. Despite this unusual scenario, we successfully created a sense of togetherness by incorporating text messages and other smartphone features into the game. Also, visits with the young man incorporate 3D modeling, and during these, the smartphone LCD screen acts as the visitation room glass barrier. Here, players can enjoy some unconventional touch controls, such as using their foreheads to tap the screen!

The clear difference from standard romance games is rather than playing up the part of the young man's preferred "type" of woman, you are simply yourself. Accumulated player data is used to conduct a unique analysis based on Jung's eight types which shapes the young man so he will warm up to any and all players. This is how we make women's dreams a reality.

Never Giving Up Led to Better, More Interesting Ideas

If there are no games women can enjoy, we should just make one! This project started with that simple thought, but the road to product launch was by no means an easy one. While a typical smartphone game usually takes 2-3 months to develop, this title took about three and a half years from initial proposal to release. Our proposal won out in an internal call for projects, but even so there is a lack of successful women's romance games, thus there was a bit of a wait until development was green lighted.

Thinking about it now, the initial proposal did not go beyond simply emphasizing the game's appeal. We were just focused on getting development started, but as we consulted with our superiors the weaknesses in our business plan became clear. We revised our plan, analyzed which users to target, broke down the market and competitive trends visually using numbers and graphs, and then resubmitted our proposal. It took a few years, but in doing so we had the opportunity to create a new genre.

As the project got going, the team grew more enthusiastic and things began moving forward. The numerous revisions made at the proposal stage had heightened the quality of the game's planning and scenario. Furthermore, embodying the spirit of true artisans, our creative members of the team were meticulous down to the finest detail—resulting in quality that, without exaggeration, I can say is on par with a console title. I was reminded once again of the true strength of Capcom, a company with years and years of experience making games.

An Environment Where You can Speak Your Mind, Regardless of Gender

The game industry is generally described as a difficult place for women, but in my everyday work at Capcom I barely sense any differences between men and women. If one has skills in planning and technology, opportunities will present themselves regardless of gender. If anything, getting people working together in development may be easier when women are around, as we tend to have a strong sense of group orientation.

Be that as it may, women can never fully separate life events from work. Personally, when I returned to work after giving birth to my first son, I felt torn between childrearing and my job. At that time, there were still very few women who had returned to work after giving birth. My husband (who also works in game development) encouraged me, telling me "in the future, there will be more developer-moms. You have to blaze a trail for them." This gave me the push forward to take on both roles. At present, there are many women who returned to work after childbirth and are playing active roles now, taking advantage of support systems that provide leave for childcare and shortened working hours.
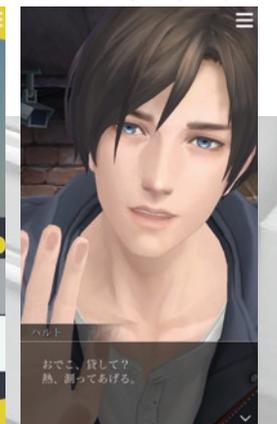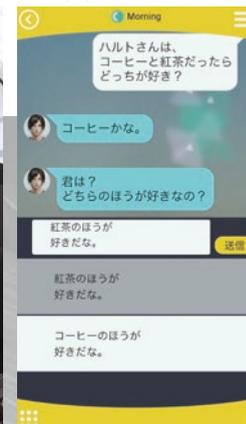
As our user base becomes more diverse, it naturally follows that us developers also becoming diverse is a good thing. The important thing is the will to create interesting games. If you have that, you can play an active role in a wider range of fields.

The word "paruma" in the title comes from the Latin "palma," or palm. This word was chosen because players often touch the young man's hand in the game.

In the "fantasy dream app," incredible events offer players a break from the main story. Here, the team is brainstorming about what kind of fantasies would be interesting.

Communication is deepened through conversations over text messaging apps.

Players tap their foreheads on the smartphone during visitations to recreate touching through the glass.

04 | Diving into a World of Adventure in Online Development

Kento Kinoshita

Director
Section 2, Department 4
Consumer Games Development Division 3

Worked on the *Monster Hunter* and *Dragon's Dogma* series as a planner. Made his directorial debut on the console title *Dragon's Dogma: Dark Arisen.*

Bringing the World of *Dragon's Dogma* to Online Multi-Player

Creating a new game involves working with colleagues to forge a path where no path exists. Unimaginable difficulties await us along the way. Fortunately, my colleagues at Capcom are dependable and bustling with ideas and technological expertise. And thanks to the collective strengths of these co-workers, *Dragon's*

Dogma Online was launched in August 2015. It has gotten off to an excellent start, with one million downloads in the first month.

This title is based on *Dragon's Dogma*, which was released in 2012 for home video game consoles. In the original, players became the Arisen and set out alongside their pawns in an expansive open-world fantasy adventure. The game both proved popular and heightened anticipation for the next title in this series. Usually,

development of a sequel would only have been for another console game, but the reason we developed an online version was because of extremely strong user demand to bring this world to online multi-player gaming.

However, we quickly hit a major wall. *Dragon's Dogma Online* development staff, including myself, had almost no experience with online development. We gathered in-house programmers and built a server from the ground up. As in the game world, we cleared missions one by

one on our quest in development to deliver this title to the world.

Our Goal was Richer Content to Create Long-Lasting Appeal

With *Dragon's Dogma Online*, we aimed to create a world of adventure with long-lasting fun. We created a new story centered on five dragons, with Season One revolving around the Golden Dragon. The game is offered as a freemium title (basic play is free) for PC, PS4 and PS3 in order to widen the point of entry and encourage casual participation from new users.

The real challenge for online games comes after release. Running the title in such a way that users want to continue playing is a must. We stumbled a bit immediately after release, but once we analyzed the data on how users were playing the game, we began to amass management know-how.

Now, we are ready for Season Two. This adventure revolves around the Spirit Dragon, with a story that unfolds in an expansive open world. In addition to new dungeons and action, we introduced a new system enabling players to customize their own private rooms. We also improved settings that had caused some users stress, and even added other elements such as narration at story ends to provide a sense of anticipation for subsequent developments.

Looking Ahead to Season Three, a New Start

In terms of the appeal of online games from the game provider's perspective, the biggest merit is the ability to immediately understand if and how users are enjoying the game. If the game is interesting, players will visit every day. If it is too difficult, many will stop playing. All this can be understood just by looking at the data. As Capcom

is managing the game's server, updates and revamps are much easier than with Consumer games. Utilizing both the content we provide and feedback from users, we check solutions and perform adjustments on a daily basis. In this way, we make use of accumulated management know-how to hold events and implement updates aimed at further enhancing user satisfaction. We released version 2.0 in June 2016 (the first stage of Season Two), but are moving ahead without a break to simultaneously create the Season Three framework. The world of online games spreads ever outward.

Once we have established a solid foundation in Japan I'd like to consider bringing this game overseas, where there are a great many online game players.

Analyzing an enormous user log to repeatedly consider events and updates.

The appeal of this title is the fun of adventuring in a world of fantasy. Creating the scenes and characters is a critical element.

A new area in version 2.0 of *Dragon's Dogma Online* where a battle unfolds against a grotesque foe called "Shinshokuma."

Utilizing Popular Characters for Regional Growth

The ability to stimulate regional economies and cultures is the unifying force behind games with historical themes. Among these, *Sengoku BASARA* was responsible for igniting a renewed interest in history, and continues to be popular among young people, from teenagers to people in their 30s. In this way, game content popular among the young people expected to lead this regional growth can become a trigger for local revitalization.

Utilizing these strengths, in recent years Capcom has focused CSR activities on regional municipalities. For example, leveraging the extraordinarily high visibility of *Sengoku BASARA*, Capcom supports regional growth from four angles: economic development, cultural promotion, public safety and participation in elections.

Efforts including gubernatorial election posters targeting young people, vehicle-related theft prevention posters and collaborations with museums to increase attendance are already demonstrating results. The following section introduces examples of Capcom initiatives aimed at regional growth.

The Appeal of *Sengoku BASARA*

While this action game for home video game consoles is based around the warlords and historical facts of the Warring States (*Sengoku*) Period, its fresh, unique take on this theme proved popular and ignited interest in history nationwide; in total, the series has sold 3.8 million units.

Initiatives Across Japan

- 経 Economic Development
- 治 Public Safety
- 文 Cultural Promotion
- 選 Participation in Elections

Miyagi Prefecture: Mascot for gubernatorial election

Ibaraki Prefecture: Co-sponsorship of special museum exhibit

Saitama Prefecture: Co-sponsorship of special museum exhibit

Kofu, Yamanashi Prefecture: Conclusion of comprehensive partnership agreement

Ueda, Nagano Prefecture: Support for tourism event

Kyoto: Mascot for vehicle-related theft prevention awareness

Hyogo Prefecture: Mascot for vehicle-related theft prevention awareness

Okazaki, Aichi Prefecture: Support for tourism promotion

Osaka: Mascot for vehicle-related theft prevention awareness

Wakayama Prefecture: Support for campaign to attract visitors

Okayama Prefecture: Co-sponsorship of special museum exhibit

Kochi Prefecture: Mascot for gubernatorial election

Support for Economic Development

Capcom uses *Sengoku BASARA* characters, which are extremely popular with young men and women, to increase tourist numbers and sales of tie-in merchandise at events. By appealing to the youth and family demographics in particular, we have realized significant economic results.

Example 1 — Wakayama Prefecture, August 2016

Sengoku BASARA Character Used in Wakayama Prefecture Tourism Promotion Campaign

The Taiga Drama Sanada Maru/Sanada Yukimura & Sengoku Wakayama Promotional Campaign Association used a character from *Sengoku BASARA Sanada Yukimura-den*, the latest title in the series, as a campaign character.

A stamp rally was conducted around historic Sanada-related areas and the game character appeared on a pamphlet providing Wakayama Prefecture sightseeing and gourmet dining information, bringing a sense of excitement to Wakayama Prefecture tourism measures.

真田幸村と戦国わかやま物語

戦国BASARA 真田幸村伝 スタンプラリー

真田幸村と戦国わかやま

Example 2 — Kofu, Yamanashi Prefecture, March 2015

Conclusion of a Comprehensive Partnership Agreement with a Regional Municipality, a Game Industry First

Using costumed *Sengoku BASARA* characters including Takeda Shingen, these activities began with a stamp rally and the distribution of premium merchandise gift vouchers in support of tourism promotion activities leading to local revitalization. Looking ahead to 2019, when Kofu celebrates 500 years since its establishment, we plan to utilize local hero Takeda Shingen to expand these measures and generate buzz that attracts people from all over Japan.

Example 3 — Saitama Prefecture, July–August 2015

Special Museum Exhibit at the Saitama Prefectural Museum of History and Folklore

Inspired by interest in the game characters, a special exhibit titled Sengoku Guide—Cool Basara Style was held at the Saitama Prefectural Museum of History and Folklore to teach young people about the history of Saitama from July 18 to August 30, 2015. The display, which featured arms, armor, helmets and ink paintings, attracted nearly 14,000 people, more than twice as many as any other exhibition project in the past.

特別展 戦国図鑑 7/18→8/30 埼玉が戦国モードに

Example 4 — Tsuchiura, Ibaraki Prefecture, March 2013

Collaboration with Tsuchiura City Museum Draws 28,000 People

Capcom co-sponsored The BASARA's Armory: The Armor and Blades of Busho Who Tore Across Sengoku special exhibition held at the Tsuchiura City Museum in Ibaraki Prefecture. The exhibit featured *Sengoku BASARA* character illustrations and panels that drew a wide range of age groups to the museum. During the seven-week special exhibit, 28,000 people, equivalent to an entire year's worth of visitors, attended the exhibit, the first achievement of this magnitude for the museum.

Support for Cultural Promotion

Capcom co-sponsors events at museums to increase the number of visitors and support historical and cultural enlightenment. These activities aim to provide young people with opportunities to learn about local history and culture through their interest in *Sengoku BASARA* characters.
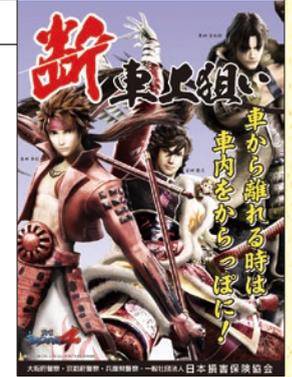
Support for
Public Safety

Capcom supports the maintenance and improvement of local public safety in conjunction with police departments by holding events and creating posters to raise awareness featuring warlords from *Sengoku BASARA* who are associated with each prefecture. These efforts have yielded quantitative results with respect to the reduction of crime.

Example 5 Osaka, Kyoto, Hyogo, February 2014

Using Three Capcom Characters to Prevent Vehicle-Related Theft and Other Crime in the Keihanshin Area

The *Sengoku BASARA* characters Sanada Yukimura, Keiji Maeda and Kuroda Kanbei, associated with Osaka, Kyoto and Hyogo Prefectures, were used as mascots in a joint-campaign aimed at preventing vehicle-related theft and other crime in these areas. In addition to displaying awareness posters, 25,000 leaflets were distributed by police departments and auto parts retailers as part of a broad promotion aimed at reducing crime in these three Kinki region prefectures.

Example 6 Osaka, April 2013

First Use of Date Masamune in an Osaka Police Department Vehicle-Related Theft Prevention Awareness Poster

Date Masamune, a character appearing in *Sengoku BASARA*, was the first mascot utilized for the Osaka Police Department vehicle-related theft prevention campaign. Vehicle-related crimes are common in Osaka, which in 2012 had the highest incidence of vehicle-related thefts in Japan and has since remained at a high level. Amid these conditions, Capcom contributed to police department public relations awareness activities through the use of characters popular with young people that were displayed on posters and distributed on leaflets.

Example 7 Kochi Prefecture, November 2015

Promoting Gubernatorial Elections with a Mascot Based on Local Hero Chosokabe Motochika

A character based on local hero Chosokabe Motochika was used in an attempt to increase voter turnout and stimulate interest among young people, who have little interest in elections, in the Kochi Prefecture gubernatorial elections held in November 2015. A variety of media, including posters displayed throughout the prefecture, television commercials, radio and newspaper advertisements and streetcars wrapped in promotional materials were used to announce the elections, which resulted in significant buzz being generated on social media, mainly Twitter and Facebook.

Example 8 Miyagi Prefecture, October 2009

Promoting Gubernatorial Elections with Overwhelmingly Popular Mascot Date Masamune

Aiming to raise the voter participation rate among young people and spread awareness of Miyagi Prefecture gubernatorial elections, Date Masamune, a well-known feudal lord from the Sengoku Period and overwhelmingly popular *Sengoku BASARA* game character, was chosen as the election awareness mascot. In addition to election posters displayed throughout the prefecture, multimedia including television commercials and public transit ads were vigorously employed in a broad appeal that resulted in raising the voter participation rate 6.2 percentage points.

Support for
Participation in Elections

Capcom supports awareness of elections and increased rates of youth participation in voting through the creation of awareness posters and events held in conjunction with election committees making use of local hero characters that appear in *Sengoku BASARA*.

Message
from the Mayor of Kofu

I Feel a Definite Response, with an Influx of New Visitors in Addition to Traditional Tourists

Yuichi Higuchi
Mayor of Kofu, Yamanashi Prefecture

Kofu was established as a castle town in 1519 under the rule of Takeda Nobutora, the father of Takeda Shingen. After the Warring States Period, during which the Takeda clan was very active, Ko-Edo culture flourished during the Edo Period and with the promotion of new industries in the Meiji Period, Kofu culture blossomed. In 2019, we celebrate 500 years since the establishment of Kofu, then two years after that, the 500th anniversary of the birth of Takeda Shingen, then in 2027, the Linear Chuo Shinkansen will commence operations.

I am aware that my mission is to prepare a foundation for the creation of Kofu's bright future through further developments going forward. I believe it is important to enhance the visibility of Kofu and ensure that people understand the city's appeal, as well as to provide people who will raise the next generation of children with a sense of what Kofu has to offer. Thus, we must engage in measures aimed at encouraging people to relocate here.

As part of these activities, we have concluded a comprehensive partnership agreement for local revitalization with Capcom.

Since last year, we have been engaged in three major projects: the KOFU SAMURAI Wi-Fi & Sengoku BASARA Stamp Rally (approximately 6,500 participants), the KOFU & Sengoku BASARA Warring States Treasure Hunt Game (approximately 2,000 participants) and the tourism PR website "Master Shingen Returns!"

The events attracted a large number of people, from young women with a strong interest in history and families with small children, to foreign tourists from England who learned of the event online and other new visitors in addition to traditional tourists. The special website received over 70,000 page views in March alone. All of these results were better than anticipated, which made me once again realize the power of popular games.

From the natural wonders of Shosenkyo Gorge, to wine, jewelry and other specialty products representing Japan and historical resources dating from Master Shingen to the present, everyone who visits Kofu will feel its rich charm.

In particular, Takeda Shingen is an important tourism resource and the pride of Kofu. Even today he is loved by local residents as the region's hero. At last year's event, his armor-clad figure issued orders and Kofu was introduced through a dialogue with Master Shingen on our official website, among other PR efforts I myself lead personally. Going forward, in addition to the partnership agreement centered on the promotion of tourism currently under development, we will attempt to cooperate with the activities of other cities, which I believe will lead to revitalization of the region.