

A YEAR IN VR:

A LOOK BACK AT VR'S LAUNCH



FANTASTIC
CONTRAPTION

RADIAL GAMES

NORTHWAY
GAMES



Intro (Sarah)

Hi everyone! I'm Sarah - and I'm Colin - and together we are: Northway Games! We made a VR puzzle game Fantastic Contraption with our friends at Radial Games and A shell in the pit audio. We started working in VR about a year and a half ago and a lot has happened since then.

We're going to kick off this series of micro talks by going over a timeline of events from the past year.

2016 APR MAY JUN JUL AUG SEP OCT NOV DEC JAN 2017



**MARCH 28
& APRIL 5**

RIFT AND VIVE LAUNCH
OUR LIVES WERE CHANGED FOREVER



March 28 & April 5 - Rift and Vive Launch (Colin)

Well we're starting with the biggest news of last year. Just under a year ago the Vive and Oculus launched! <applause> For me these high-end VR systems define VR and what the future is going to look like. Of course this is also the date Fantastic Contraption and Job Sim launched, Island 359 took a little longer.

I'm still super excited about these headsets. I know everyone is always excited about what's next and what's coming but honestly we've just scratched the surface of what we can do with these tools.

SuperData says 420k Vive units were sold and 240k Oculus.

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VIVE X

THE GLOBAL VR ACCELERATOR

\$100,000,000

htc

SEQUOIA



Redpoint



APRIL 26

深圳VR产业基金

Shenzhen VR Industry Fund

\$1,500,000,000

vrvc

\$17,000,000,000



COLOPL VR FUND

\$50,000,000

VIVE X ACCELERATOR FUND

\$\$\$ --> COOL GAMES AND FUTURE TECH

April 26 - Vive X Accelerator Fund (Sarah)

Busy year for HTC. Shortly after releasing the Vive, HTC announced the Vive X Accelerator Program, a 100 million dollar investment fund and mentorship program for startups making VR content and tools. They have coworking locations worldwide including one here in SF.

Last year HTC also announced they'd be heading up the most massive VR initiative to date, the VR Venture Capital Alliance. Together with venture capital companies like Sequoia, Redpoint, and Qualcomm they've earmarked over 17 billion - with a B - dollars for investment in VR startups including hardware.

Clearly, 2016 was the year of investment in VR. It's exciting to hear these companies believe VR will be a profitable investment, and good to know that there are resources available for startups who need cash. But it's important to note that all this money invested in 2016 and 2017 will take time to produce results. We'll be rolling in cool future tech and games once it pays off.



JUNE 1

CTRL-V ARCADE OPENS

VR ARCADES IN NORTH AMERICA



June 1 - Ctrl-V Arcade Opens (Colin)

In June CTRL-V opened the first VR arcade in North America in Waterloo Ontario. It's hard to get numbers for how many VR Arcades are in North America but they keep popping up and it seems like every major city has one.

China is very different. They started having VR-ish arcades a couple years ago and now they have over 3000. Although it has been reported that only 20% of Chinese VR arcades are making money so there might be a winnowing of those arcades.

HTC opened a Vive branded arcade in Shenzhen which will be a good way to identify what hardware and software will work best for arcades. Both HTC and Valve have programs aimed at getting software into arcades so that is an available market. No one is currently making much money on VR arcade games yet though so making a game specifically for that market probably isn't a great idea.

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JUNE 6



FALLOUT 4 VR ANNOUNCED

BETHESDA BRINGING AAA GAMES TO VR

June 6 - Fallout 4 VR Announced

During E3 last June, Bethesda announced they'd be bringing Fallout 4 and DOOM to the Vive. Fallout is a hugely ambitious game to port, and they intend to make the entire game playable, not just a vertical slice or short experience set in the world. Navigating an open world isn't even close to a solved problem in VR, and they'll also be tackling combat, npc dialog, inventory... but one thing I know will be great: raising your pip-boy to your face to check your stats.

Other major IPs announced at E3 included Batman, Star Wars, Final Fantasy and Resident Evil, all for PS VR. Though some of these fall in the "short experiences" category, new platforms needs major IPs like these to push them towards mainstream and sell hardware, so lesser known studios like us can make cool things and actually have an audience to play them.



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JULY 5

ADULT VR FESTA 01
SHOW CANCELED DUE TO OVERCROWDING

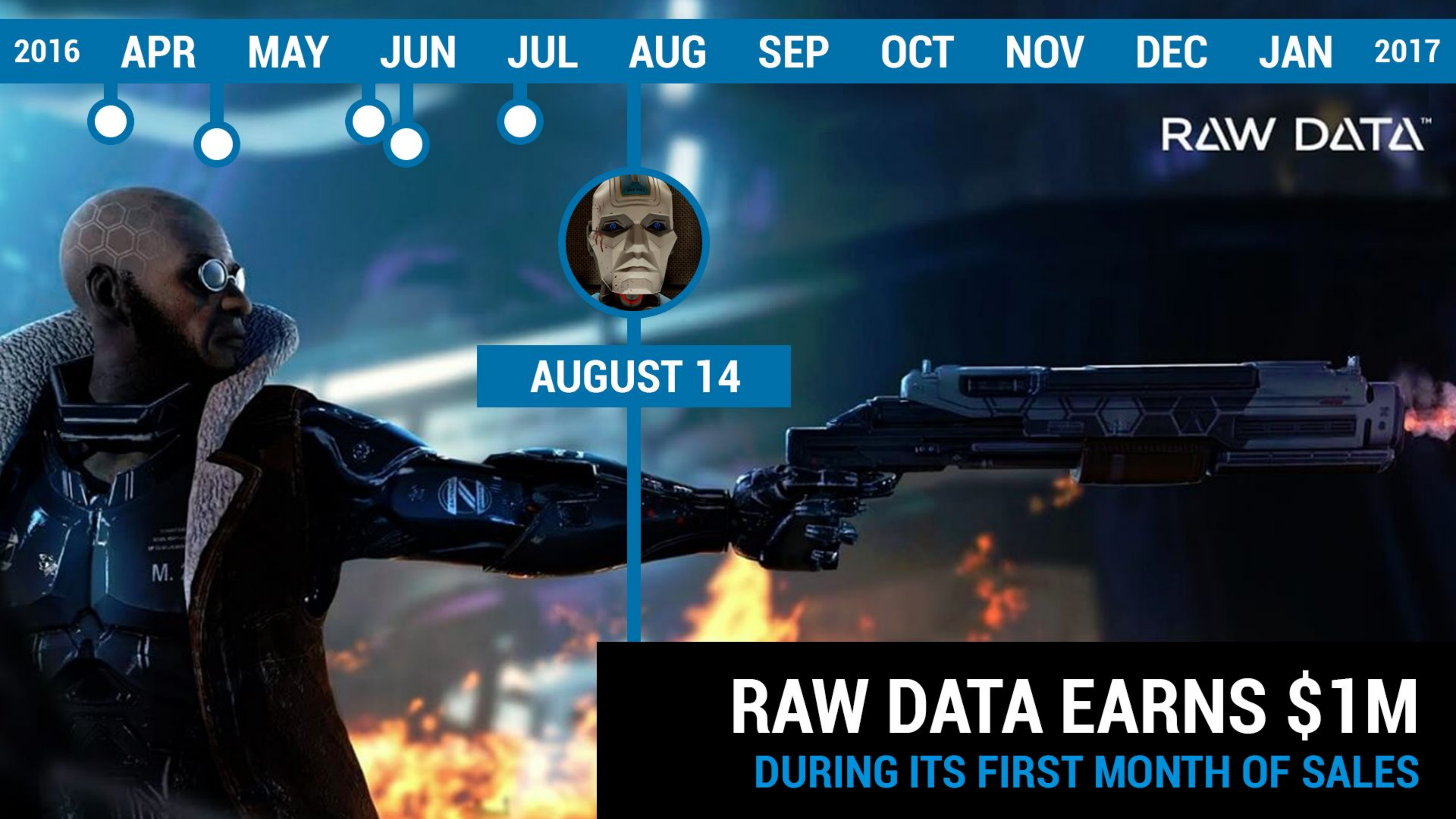


July 5 - Adult VR Fest 01 (Colin)

I wanted to include this one because of how, just, weird and crazy it seems. In Tokyo there was a VR porn convention and so many people showed up they clogged up the road and the police had to shut it down. They say porn drove VHS adoption and I've heard 20% of the internet is porn so <shrug>

We showed Fantastic Contraption at Tokyo Game show last year and there were a few people showing things like this. Two of them were actually kicked out of the show.

They say porn drove VHS sales and the internet.



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RAW DATA™



AUGUST 14

RAW DATA EARNES \$1M
DURING ITS FIRST MONTH OF SALES

August 14 - Raw Data earns \$1M (Sarah)

More money talk. I mentioned that VR games were getting funded last year, but with the small install base for premium VR headsets, has it been possible to earn enough from sales to be sustainable? The answer is yes, at least for some.

In August, Survios announced their Vive game Raw Data had earned over a million dollars in sales in their first month. This means - according to SteamSpy - that 20% of Vive owners bought it. While premium VR isn't a huge market - I think about 1.5 million headsets when you include PS VR - the players are hungry for more games, especially large, expensive looking ones like Raw Data.

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AUGUST 19



GEAR VR V.3 RELEASED
4.5M SOLD IN 2016

August 19 - Gear VR V.3 Released (Colin)

August 19th the 3rd iteration of the Gear VR was released along with the Note 7. The Note 7 launch didn't go so well but the Gear is still going strong. It was first released back in late 2014, but in 2016 alone it sold 4.5 million units. The Gear runs on the Oculus store which is a closed curated store.

The Gear represents a march towards what I call the "Omega" system. I think we all have in our heads what the final VR machine will be: a pair of glasses you wear that do AR and VR and you can grab things with your hands. I don't know how much of a pipe-dream that is or how close to that we're going to get in the next 5 or 25 years. But the Gear and the Oculus are approaching it from either end, it's going to be cool to watch phone VR get better and stay cheap while the high-end VR stays great and gets cheaper and cheaper.

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OCTOBER 4



DAYDREAM LAUNCHED
260K SOLD (AND 80M CARDBOARDS)

October 4 - Daydream Launched (Sarah)

On October 4 Google launched the Daydream, their premium mobile VR headset which only works with a few select Android phones so far. It's more geared towards gaming than Google Cardboard variants, and is particularly interesting because it comes with a wireless controller that tracks the rotation of your hand.

Like Colin said this is a signpost on the way to the omega system

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NOVEMBER 17



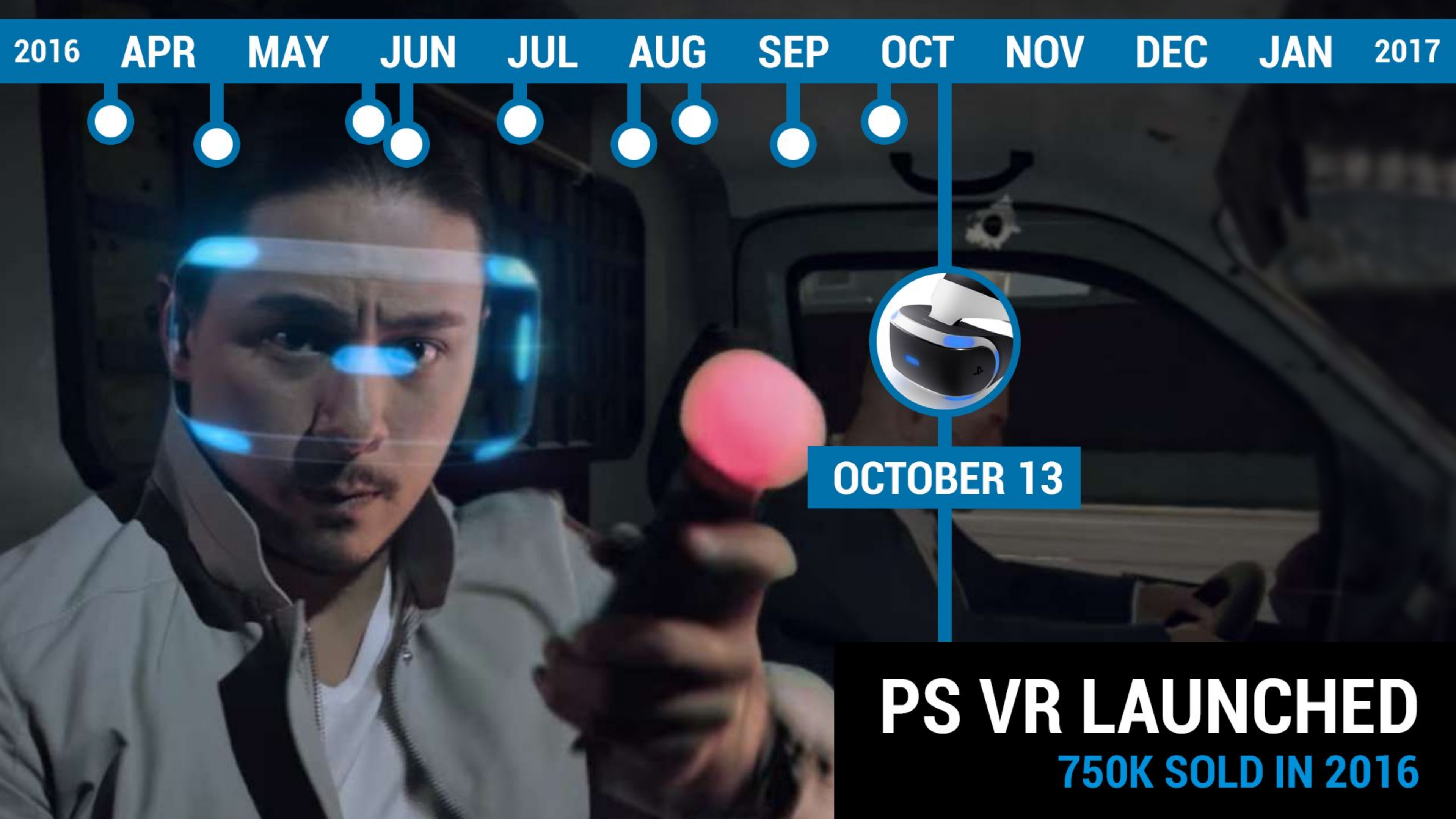
CONAN TRIES THE VIVE
TELEVISED AND MAINSTREAM AS HECK

tbs

November 17 - Conan tries the Vive (Colin)

In November Conan Obrian played with the Vive on TV using Mixed Reality to show the viewers just what it's like to be inside VR. These cultural touchstones are important to show the world what VR is and what you can do with it. Lets watch a little clip...

In terms of mass-popularity I know we all talk a lot about VR getting cheaper but I think our role is more important. We already have tech that is mind blowing, we just don't quite know what to do with it yet. What is that "killer app" for VR? It's a ham fisted way of posing the question but it's important to remember that we still have a whole new ocean to explore. We have to be out there trying new things, trying crazy things and getting them in front of players. These are the years of rapid progress and wide-ranging experimentation, everyone in this room should be lost and exploring hard to find their way.



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OCTOBER 13

PS VR LAUNCHED
750K SOLD IN 2016

October 13 - PS VR Launched (Sarah)

Playstation VR launched late in the year, and in two months outsold both Vive and Oculus put together. I was both excited and worried about this launch, because while PS VR is more affordable and easier to integrate to people's living rooms and run on hardware they already own, it's also less powerful than Vive or Oculus which means a crappier experience with worse graphics and possibly nausea from lower framerates.

So I steeled myself when reading initial reviews but... it was good. People like the light, well designed HMD - personally it's my favorite too. Most PS VR games don't use the move controllers (which we obviously prefer), but even the flying games that use the dualshock like EVE Valkyrie and Eagle Flight were well received and didn't make everyone sick. Players are eager for more content, and we'll oblige them with a Fantastic Contraption PS VR port this spring.



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DECEMBER 6

OCULUS TOUCH RELEASED
(FINALLY)

December 6 - Oculus Touch released (Colin)

Finally last December the Oculus touch controllers came out! Bringing Oculus up to speed with the Vive and giving you hands. For me VR without hands just isn't that interesting and now we have three systems, VPSVR, Oculus, and Vive with hand controllers. The touch controllers were baking for a long time but they came out really well. They're flexible, comfortable, and fit a lot of different kinds of hands.

I'm also really happy Oculus is moving towards full room-scale VR. They're helping players set that up with a third camera and they're working on a chaperone system. I was always frustrated by how against room-scale Oculus seemed to be so I'm glad they're coming around.

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DECEMBER 15

UNITY IN-VR EDITOR
OPEN SOURCED ALPHA

December 15 - Unity In-VR Editor (Sarah)

Last year we saw the first VR editors and game dev tools. In December Unity released a preview of EditorVR as an open source Github repo. Unreal packaged an early build of theirs in version 4.12. They want developers on board early for what will surely be a revolution in the way we make 3d games. And not just VR games - flat games too.

It's so much easier to navigate 3d worlds and position 3d assets in VR. 3D modelling too. I've actually been using Tilt Brush to make game art, which as a beginner to 3d modelling is about a hundred times easier to use than a tool like Blender.

We're going to see a shift towards VR workspaces, first for 3d artists and level designers... and for coders - imagine having 6, 10, monitors arrayed out, and you can look to your left and the game view is right there. Get involved with Unity's EditorVR today to help make this happen.

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JANUARY 24

'PEARL' OSCAR NOMINATION

IMMERSIVE 360-DEGREE SORT

January 24 - Pearl Oscar Nomination (Colin)

The last event we have happened this January, Evil Eye Pictures and Google Spotlight Stories got an Oscar nomination for their short film Pearl. <applause>. Pearl is a short film about a girl growing up with her dad and you watch it all from the passenger-seat of their car, it's really amazing. You can watch it on Youtube as a 360 video but don't watch it like that, make sure you watch it in a VR platform in 3d, it really is a native VR animated film.

So about a year ago the Vive and Oculus came out and just about a month ago VR got it's first Oscar nomination thanks to Evil Eye Pictures. The last year was great and I can't wait to see what the next one has in store!

THANK YOU!
@Sarah_Northway



GOODBYE!
@ColinNorthway



End (Sarah)

Up next Cy and Andrew from Owlchemy labs are going to talk about numbers and marketing.