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Graziadio School of Business and Management

Dean's Executive Leadership Series - 2008-2009

Transcript of Presentation by Ann Weiser, Chief Human Resources Officer for Activision Blizzard – Part 2

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen](#) or [subscribe](#) to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Narrator: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Dean Linda Livingstone: Well thank you so much that was fascinating and a tremendous overview of not only the industry but Activision of course the merger of the two companies, so thank you so much.

Ann Weiser: Oh my pleasure.

Dean Linda Livingstone: For sharing that with us.

Ann Weiser: It's an exciting story.

Dean Linda Livingstone: I loved your question about did we know anybody over 70 that had played games, so my mother was just here who is over 70 and we were doing the Wii bowling game and she's never bowled I don't think really bowled in her entire life and so she was doing it with my husband who you saw outside who's the big guy, 6'10 and she beat him every single time they played and he hated it so but he had to keep coming back and playing again and again and he never beat her I don't think the whole time she was here so it was great fun, we had a good time. Well I'm going to open the floor to

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questions from the audience and see what you all would like to ask Ann in the few minutes that we have remaining this evening. So yes Tao?

Student 1: First I'd like to just say thank you so much, I'm actually currently reviewing Activision.

Ann Weiser: Awesome.

Student 1: But my question is I understand the model. Could you talk about how the scalability works with that?

Ann Weiser: Yeah it's a great observation and a huge challenge for us, our acquisition strategy, I talked about the fact that we've acquired twelve studios in the last seven years. You know, picture what a development studio is and I'll give you a perfect example, we have a studio in Albany, New York, it was developed by two brothers who started making video games when they were 15 in their parents basement and they went on to develop this company and had some success as a small company and then made the decision after we pursued them to sell their company to Activision. The two brothers still continue to run the company and it's in the space that they want it to be in with the employees they want to hire, paying people what they want to pay them. The benefit of being part of Activision is that they have a regular flow of work and they know that the work that they do is likely to be published and sold. So they're in it for the joy of making the game and developing the innovative technologies to support the business.

In fact the little clip at the end where you saw the hand held guitar hero with the little attachment that goes into the DS that was actually their creation, their development and our view is that by allowing the founders to continue to run the business and giving them the freedom and the flexibility to create and maintain the culture that they originally started the business with just allows for more creativity and more innovation and a greater sense of feeling like they are part of that enterprise versus being part of a big corporate monolith like Activision Blizzard.

So that's the real plus of it is that people feel a real sense of affiliation and, you know, I love to give these two examples, we've got two studios, actually three studios in the San Francisco area, one is Shaba and Shaba is located in downtown San Francisco in an old loft, warehouse environment so, you know, picture what that looks like and then you go up the road to Novato and we have a studio called Toys for Bob and Toys for Bob makes mostly kid's games and when you walk into a Toys for Bob in contrast to the loft in

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downtown San Francisco it's decorated-- it's the inside of Quonset Hut that's decorated like a tiki hut and it's got thatched roofs over every cube and it's painted pink and green and blue and they're quite proud of their interior. But that's their culture, its fun, it's playful, it's joyful and Shaba's a little grittier, a little more video game like I guess I could say. But there's just a sense of feeling of belonging and I think that's the real beauty of what we call the independent studio model.

So here are the challenges, it's very tough for people to trade talent, you know, in a big company like ours, one of the benefits is you can take a really great artist from location A and put him into location B when you need them, well it's hard to do in our business because the guys in location A say that's my artist, he does my work, not your work. So it's hard to trade talent, sometimes people are protective of their technology, so if they've developed an engine to run the game they don't want to share that with anybody because they feel like it's their work and they're very proprietary about it. We've gotten a little better about this as, you know, people have, you know, realized that they're not going to lose their identity and they're not going to be diminished in any way, shape or form by sharing their talent or their resources or their assets or their technology, you know, people are getting to be a little more friendly about it. We've got some studios that are very cooperative with one and other and we have a couple of studios that are very protective of what they've done.

We try to encourage people to share, we try to encourage people to have good dialogue at the studio head level and I think we're making some progress in that regard. But we are considered the developers publisher and what that means is if you run an independent development studio, Activision is the publisher you want to be affiliated with because you know you're not going to get stripped of your leadership or your identity or your culture or the way you run your business and so good development houses who are looking to affiliate with a publisher often times will prefer to be with Activision because they have that autonomy and degree of freedom than somebody who might sort of bring them into the fold and corporatize them. So I hope that answers your question and if you want to talk about the interview later, I'm happy to talk to you.

Dean Linda Livingstone: I think we have more than one in the audience that are interviewing with Activision so Kyle?

Student 2: Game designers and programmers are the hottest talent and commodity out there and they're rather fickle. What are you, particularly at the publisher level, doing to help attract, recruit, and retain them?

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Ann Weiser: Yeah it's a great question, well one of the ways to retain them is this independent studio model, they feel like they're a part of an enterprise that they can connect with and that they're not part of the big corporate office. So, you know, we have one studio in Santa Monica that is, you know, down the parking lot from our headquarters but all the studios are spread out, San Francisco, Madison, you know, Iowa City, Albany. So part of it is creating that sense of affiliation at the local level, is how you retain them. The other way to retain them is to give them great games to make and ensure that they have the tools to make great games because great games mean more money for them. We have sort of a profit sharing model at the studio level so if you work on a very profitable game, if you're a game developer, even low level game developer in the business, you will reap the reward of the profitability of that game. So people really want to work for the Call of Duty Studio and it's not bad being affiliated with the Guitar Hero Studio either. So giving them opportunities for increased income I think is what motivates them through the profitability of the game there's a real connection there.

Recruiting is an interesting challenge because there is at the university level and at the tech school level there are the beginnings of engineering curriculum associated with game design but there's not a huge number of them and for the most part it's not immediately applicable, you know, it's more generic sort of game design curriculum and so you take somebody out of one of those programs, they know a little bit about how to make a game but you really learn how to make a game when you're making a game. So really finding the schools that are starting to partner with publishers and developers, we actually participate often times with the development of their curriculum so that it's closer to what we actually need and so really targeting those schools and beginning to develop a reputation on campus of being a good employer and somebody that where they can grow their career and live in a place they want to live in and make cool games helps and, you know, one of the ways we've done it at selected campuses we actually will sponsor a game room. So we will actually build out a room that's got, you know, consoles and computers and we, you know, put all the games in and people begin to identify with Activision because in our case that brand of Activision is not as well known as our development studios. Everybody knows Infinity War, they know Neversoft, but they don't really know Activision necessarily.

Blizzard on the other hand has great brand recognition and so one of our challenges is just to make sure that people know who we are. Guitar hero has helped tremendously and, you know, one of the things my college recruiting team just did this year is the marketing guys for Red Octane which is the group that does Guitar Hero did Guitar Hero on tour where they had this giant bus, they went to 14 campuses across the US, the college relations people heard about that and said "We're going, we're getting on that bus" and so they actually accompanied the marketing people on their tour and so for us we've got great brand recognition on things like that and so the more we can get people to see us not just as a game but also as an employer they start to make that link and people who are passionate about making games really want to work for a company like Activision. So but they are a hot commodity, yeah.

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Dean Linda Livingstone: Chris and then we'll come down here.

Student 3: With all the games that are becoming more cinematic in nature and there even surpassing in terms of revenues like the box office, do you ever see any of the studios or larger mini-conglomerates maybe going after you guys or any of the smaller developers?

Ann Weiser: That's a really interesting question, you know, we have a majority shareholder with Vivendi which is based in Paris and they own Universal Music and for us that was a beautiful marriage because we now have access to the largest music company in the world and a partnership with the Guitar Hero is a great benefit to us. But I do think that over time there could potentially be a convergence within the entertainment industry, you know, it'll be interesting to see what happens, you know, when we take a look at our market cap in comparison to some of the motion picture companies right now, we're in a little better shape than they are. So it might be the guppy swallowing the whale here, I don't know but I think it's a very interesting possibility when you think about, you know, how things will change over time.

Dean Linda Livingstone: I want to come down here to John, I think we'll make this our last question.

Student 4: The trivia question was the first band that you approached for Guitar Hero, did they take or not sales amount and if your sales go up 200%, what are you charging them to be on Guitar Hero?

Ann Weiser: Well, you know, it's interesting, I don't know the answer to your first couple of questions but, you know, our CEO who is just loving the growth of Guitar Hero as you might imagine if you were a CEO that had a product like this, you know, has said, you know, when are we going to start charging the bands for putting their songs on our game? You know, right now the licensing arrangement is just a little bit the opposite way and but we've actually, you know, gone after several big bands and have been happy with the ones that we've gotten and Aerosmith has been a great one for us. So, you know, the future of Guitar Hero is actually I think even more compelling when you think about what other genres of music can you get into and, you know, country music or kids music and, you know, we've started to certainly penetrate the European market but we have to look for the absolute right balance between local music and American rock and roll and because in some countries local music is much more popular than American music but, you know, for us we'd like to have a balance of that and then you think about gosh if you ever went into Latin America which we haven't really penetrated that much with Guitar Hero, all of the opportunities for music in a culture that is so, you know, music and festivity oriented. So we actually think the future of Guitar Hero as it relates to other genres of music is sort of a boundless opportunity for us. So I have one great Guitar Hero story that I have to tell though.

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Dean Linda Livingstone: Great share it.

Ann Weiser: When you talk about genres of music, I'm a big advocate of symphony music, my husband and I were at the symphony one night and it was a field trip night for high school kids and so intermission came and he walked up to the lobby and he came back and he said "See those three kids standing in the aisle there" and I said "Yeah" and he said "They're talking about Guitar Hero." So of course I pop out of my seat and I go talk to these guys and I said "I work for the company that makes Guitar Hero" they said "You're kidding?" they went on and on about how many kids play Guitar Hero on this and that. Now these are all high school musicians that are on a field trip, so this one kid looks at me with a straight face and says "Do you think you'll ever do Oboe Hero?" Of course I was trying to be kind, I said "You know, I haven't really seen that in the strategic plan for Red Octane but, you know, it's possible, we are looking at other forms of instruments and oboes might get on" you know, and I got myself all wrapped around it and I went "I'm not exactly sure though whether we're want to do Oboe Hero or not" but I thought it was quite cute.

Dean Linda Livingstone: But it does say something about even the fact that serious musicians will play that game. I cannot play any instrument but playing Guitar Hero's great fun, you don't have to be a musician to do it but to think that serious musicians like it too is a great thing. Well wonderful, well it's really been a pleasure having you with us. I do want to before we close share one other Ann Weiser trivia that's particularly interesting for us at Pepperdine, Ann actually she graduated from Cal State Long Beach but she actually started her undergraduate college career here at Pepperdine. So she's really an alumnus of Pepperdine.

Ann Weiser: It's a long time ago.

Dean Linda Livingstone: She was here in one of the fairly early years of the Malibu campus long before this Drescher campus was built and before even the entire lower campus was built.

Ann Weiser: Fall of 1975.

Dean Linda Livingstone: Yeah, so we're glad to have you back and thank you so much.

Ann Weiser: It's quite ironic how, you know, the world is a circle, it all comes back to the start.

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Dean Linda Livingstone: And you can see this podcast on YouTube University that Pepperdine now has shortly in the next few weeks it will be up. We also did a podcast this afternoon that will be on iTunes University so if you would like to see this again or learn more you will have that opportunity in several different locations, so thank you so much for being here and we hope you'll be back on January 20th for Julia Stewart.

Ann Weiser: I just want to put a plug in for Julia Stewart, I know Julia personally, she is a fabulous executive an awesome speaker and Julia actually started her career in the restaurant industry as a server for IHOP and now she's the CEO, she's an awesome woman, so I would really strongly encourage you to come see her, she's terrific.

End

