



Stanford eCorner

Innovation and Growth Post-IPO

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Earl and Kim respond to the question: How do you increase innovation when a lot of the game development relies on established brands and sequels? A lot of efforts are going onto create new intellectual property, says Earl. Though risky, the new products will ultimately be the core component of the company's future.



Transcript

It's a great question. He's asking about the fact that EA by true nature being the leader and we've got all these franchise so we just get into the sequel mode cause that's safe and that's, you know, we found that that's been a way for other business but we need to be innovative and he's right. As a company, it's one of our, I think, our core challenges in going forward is being able to tap in to, you know, the creative vein of designers and game makers to come up with the next great thing. In fact, we need to come up with the next 20 great things. So that's some sort of growth that this company is on a trajectory of, you know, it's a \$2-1/2 billion company. We're trying to get to \$6 billion and \$10 billion and the way we're going to do that is by innovating as well as paying attention to our core business, which is sports licenses and Lord of the Rings and James Bond. So that's something that's going on right now. There's a lot of efforts under way to create a new intellectual property two of which are actually in our studio and some others are in the other studios around the world. It's a very, very hard thing to do. It's expensive.

It's risky. But ultimately that that is a core component to the future of the company. So we are taking this seriously and, you know, we'll be successful with these over the future. I think our X process is something that'll help us do that. And also just to add to that, so now that I am finished with Lord of the Rings, this is also in other things that sort of now I am getting the opportunity to sort of think about what might be next for EA and so far as the new intellectual properties, and I think that that type of opportunity, which is a really awesome place to be personally comes from the fact that EA is in understanding that we need to own those licenses and understand what those licenses are. Because every second that EA makes for Return of the King, there is a fraction of that cent that goes to New Line and if we own that entire cent, you know, that's where the money back for EA. And also from the way that we're developing our talents and since, you know, as far as the way that people are thinking about things is we need to start, we need to breath that into our culture and I think that it, you know, by the mere fact that I'm having that opportunity next, I think of something new is sort of a testament to EA understanding that that might be something cool.