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Out of Hollywood, Rising Fascination With Video Games

By LAURA M. HOLSON

HOLLYWOOD, April 9 — Peter Jackson, who made "The Lord of the Rings" trilogy, is entering the rarefied club of Hollywood movie directors who are expected to earn as much money — or even more — from helping create video games as from making movies.

When Mr. Jackson, who spends more time in his native New Zealand than here, was in town early this year courting Oscar votes for "The Return of the King," video game makers were doing some wooing of their own. The computer game based on his movie was No. 10 on last year's best-seller list and game makers wanted to get in early on "King Kong," Mr. Jackson's next movie.

But this time Mr. Jackson was determined to be more involved and not to miss out the way he had on the games derived from his immensely popular "Lord of the Rings" series.

He worked out a deal with the game maker Ubisoft and Universal Pictures, the studio that plans to release "King Kong" next year, that will give Mr. Jackson substantial creative control over the future game, those involved in the negotiation say. And he will share equally in the revenue Universal expects to earn from the game when it is released.

The deal, beyond adding to Mr. Jackson's fortune, also points to the growing interest among film directors in creating computer games themselves, both those derived from their movies as well as original projects that may have no connection to Hollywood at all.

Indeed, according to his manager, Ken Kamins, Mr. Jackson realized while making "The Lord of the Rings" that "while a film experience for an audience is over after two or three hours, a successful game experience, if it captures the imagination, can last for days."

In the United States alone, sales of video games and consoles generated $10 billion in revenue last year, surpassing box-office ticket sales of $9.5 billion. Hollywood has had mixed success trying to capture some of that popularity by making movies based on computer games.

But that has not stopped directors, actors, writers and others in the movie business from enviously eyeing the video game business in hopes of tapping some of its energy and riches for themselves.

Computer games represent one of the fastest-growing, most profitable entertainment businesses. Making movies, by contrast, is getting tougher and more expensive, now costing, with marketing fees, an average of $103 million a film. That is one reason, among others, that those with power in Hollywood are avidly seeking to get into the game business while also reshaping standard movie contracts so they can grab a personal share of game rights.

"There is a great divide that has rarely been crossed," said Joel Silver, the producer of the "Matrix" trilogy, whose creators, Andy and Larry Wachowski, designed games for the second and third "Matrix" movies. But lately, Mr. Silver said, with Hollywood directors and studios eager to exploit the appeal of computer games, "everything is changing."

John Woo, the director of "Mission Impossible 2" and "Face/Off," last year formed Tiger Hill Entertainment, an interactive entertainment company, and is now developing for Sega a video game, an idea he will own outright, about an elaborate heist. At the same time, he hopes to turn the game into a movie.

Ridley Scott, best known for science fiction fantasies like "Blade Runner" and "Alien" as well as the historical epic "Gladiator," has been meeting with video game company executives, too, arguing that games offer greater creative opportunities these days because they are less expensive to make and not constrained by the roughly two-hour time frame of a conventional movie.

"The idea that a world, the characters that inhabit it, and the stories those characters share can evolve with the audience's participation and, perhaps, exist in a perpetual universe is indeed very exciting to me," said Mr. Scott, who is seeking a video game maker to form a partnership with him and his brother Tony.

Even studios, which have long regarded video games as just another licensing opportunity like coffee mugs and T-shirts, are looking for an opening into the business. In January Warner Brothers Entertainment — which turned down the opportunity to develop games based on the "Matrix" movies — hired Jason Hall, a former video game company founder, to create, produce and distribute video games. Many in Hollywood wonder if its new Warner Brothers Games brand might eventually rival or even supplant established game publishers like Electronic Arts, the Silicon Valley company that leads the industry.

But for all their superficial production similarities — both often use illustrated storyboards, for example — creating a successful video game relies on different skills and is built on different incentives from making a hit movie.

"You have to remember," said Seamus Blackley, the co-creator of Microsoft's Xbox game player and an agent at Creative Artists Agency, that there is not "some gaping hole that Hollywood is going to come in and fill."

In contrast to a conventional movie, with its straight narrative structure to be viewed by a passive audience, computer games rely on engaging users in various tasks and challenges that can take the story in many different directions.

At the same time, Hollywood has developed a free agency system in which the most famous and powerful actors and directors routinely demand millions of dollars and receive lavish perks for lending their talent and name to a project.

Not so in the video game world. There the biggest stars are often little-known salaried software developers and creative comic-book-style storytellers who are very well paid but do not normally receive a direct cut of a game's profits.

"We are not trying to pooh-pooh traditional entertainment," said Neil Young, vice president and a general manager at Electronic Arts, which created the game for "The Return of the King."

"But the cultures are very different," he added. "You might be able to get $8 million to direct a film but making a game like a film is not our objective."

Hollywood may also have an exaggerated sense of the riches to be made from video games. For one, costs will rise as more directors try to get a piece of the action. And despite the growing popularity of computer games, when movie ticket sales are combined with DVD sales and home video rentals, the film industry remains a significantly larger business.

Still, it looks like a natural synergy, especially given that both video games and blockbuster movies appeal to the same core audience of teenagers and young adults. And as the technology of games has advanced, they have increasingly taken on the look and feel of film, often relying on actual film from movies and creating realistic scenes and human characters.

To tap that expertise, the game industry has already turned to movie directors as consultants, paying as much as $250,000 for assignments on everything from rewriting a script to showing a game designer how to shoot a scene. Andrew Davis, the director of "Holes" and "The Fugitive," said he was hired by Ubisoft, which is based in Paris, to help streamline the story line in its forthcoming video game of Tom Clancy's Splinter Cell series.

"I still want to make movies," said Mr. Davis, who declined to say how much he was paid. But, he added, getting involved as a consultant was a relatively easy way to learn the video game business while still keeping his day job.

Others are getting into video games to protect their own reputations. Stephen Sommers, who directed next month's horror adventure "Van Helsing," said he got involved with the production of the game based on that film after being disappointed with what happened to the game made from "The Mummy,"

which he wrote and directed.

"I had nephews who said, `Nah, we don't like it,' " he recalled. With the "Van Helsing" game, he said, "I just wanted to make sure everything was great and nothing was knocked off."

From the other side of the divide, Electronic Arts is itself moving closer to Hollywood by opening a studio in West Los Angeles that combines several different game production operations under one roof.

Few in Hollywood would be buzzing about the money to be made in video games if it had not been for the precedent-setting deal made by the Wachowski brothers, themselves avid game players, who created the "Matrix" trilogy for Warner Brothers. Mr. Silver, their producer, said the Wachowskis wanted to produce a video game for the first movie but couldn't find a publisher in 1997.

Three years later, after "The Matrix" proved a huge hit, Mr. Silver said the brothers approached Warner Brothers about creating their own video games to go with the sequels. The studio was not interested, he said.

Instead, Mr. Silver said, the Wachowski brothers "made a deal with the game designer and cut Warner Brothers in on it," keeping a healthy stake of the games' revenues for themselves, helping to make them perhaps the richest young directors in Hollywood.

A generational shift is also at work. The Wachowskis are among a growing cadre of movie professionals who grew up playing video games and found that the experience profoundly influenced their work. Others include Brad Foxhoven, 32, the president of Tiger Hill, who took Mr. Woo and Terence Chang, his producing partner, to their first video game conference three years ago. There, he showed them games that were stylistically similar to Mr. Woo's action movies.

"There were guys flipping in the air, fighting," Mr. Woo said in a recent interview at his office in Santa Monica, Calif. "It made me feel like, Why don't I make one?"

At Mr. Woo's office, posters from his movies line the walls of the reception area, while in the video game room, a drawing of the buff burglar from the heist game waits to be hung. Executives play video games — and Mr. Woo admitted he watches — to better understand the design of their own.

Mr. Foxhoven said he had already hired four writers and a character designer. Sega has assigned 25 of its employees to help design the game.

Within the movie business, even the most enthusiastic video game supporters warn that Hollywood will succeed in making games only if it sheds some of its own hubris.

"No one is going to make any money, no matter how famous," Cody Alexander, an agent at William Morris, said, "unless they make a game that people want to play over and over and over again."