

MUSICMATTERS

THE ASIA PACIFIC MUSIC FORUM 3-5 JUNE 2008, GRAND HYATT, HONG KONG

**Charles Huang — Executive Vice President and Co-Founder,
RedOctane
Music Matters Interview - May 2008**

Little did Charles Huang know that eight years after he formed the company Red Octane (with Kai Huang) that he'd generate over a billion dollars in sales. Or, to his credit and love of Japanese video games, perhaps he did. Regardless, after originally creating the first online video game rental service, the company has been responsible for making the hugely successful and influential Guitar Hero game series. With their latest installment Guitar Hero: Aerosmith out in June, Huang talked to Scott Murphy ahead of his upcoming panel stint at Music Matters...

This will be your first time at Music Matters. Why have you decided to come this year?

Huang: It's all because of Guitar Hero. We've been working on it for four years. In the last year, Guitar Hero did over a billion dollars in sales worldwide. Now, for the first time, the music industry has taken notice of what we've done. They've seen data that shows that Guitar Hero increases sales and we're out there talking to other artists and other music industry companies about how to collaborate. We'll be doing a lot of outreach at Music Matters to introduce Guitar Hero to the music industry and find ways to work together in the future.

Now that you're about to launch Guitar Hero with Aerosmith, it would seem that collaborating with Asian artists would be one way to localize the game. Comments?

Huang: One of the things we learned about the process is that first you take it global. We did it in the US, then Europe...and then when you take a product global, you have to localize again. For China, we have to find relevant Chinese music. For us, what you mention about local artists is exactly right. The other point about Aerosmith is...it's about finding a new audience and we control a different story about the band through a different medium...video games. We've motion captured Joe Perry and Steven Tyler and we're telling the history of their career. There are things you can do in a video game that you can't do on an album and what you can't do in a documentary. They reach their audience in another form. What we're doing is completely different. They actually get to play Aerosmith music. We're telling the history of the band, but allowing the audience to interact with the audience and their history in a completely new way.





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Do you find that the artists themselves enjoy this experience?

Huang: Yes. One of the things we constantly get from them is that a lot of the artists—the younger artists like My Chemical Romance and Avenged Sevenfold—enjoy the games and play them instinctively. The older artists understand the games through their kids. That drives both sides and their interest levels. For the older guys, it gives them a chance to say “Wow, my kids think I’m cool!”

It’s been a relatively quick ascent for Guitar Hero, but you all worked behind the scenes a bit longer than that. How did your past experiences help pave the way for the success of the game?

Huang: We’ve been dabbling in music games since 2000. We learned a lot about it through online video game rentals. We were inspired by games from Japan and wanted to bring that into what we did. We started in the hardware business and learned that was an integral part of the video game experience. We learned through video games about music. Guitar Hero helped us put all of our experience together where it struck a chord, so to speak.

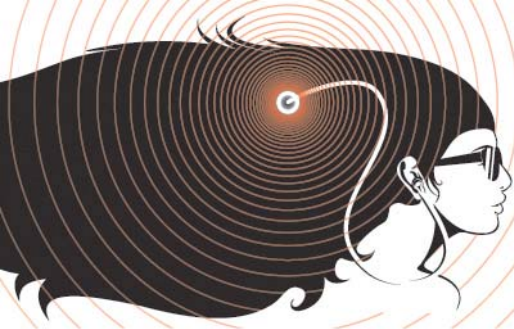
Why did your group at Red Octane have such an interest in music type games?

Huang: Part of what we always believed is that we were told over and over again that Americans did not buy music games, that this type of hardware based gaming didn’t work. But we had seen its success in Asia. Nobody had found the right formula and we were fortunate enough to put all the experiences that we had into this product and show that it could sell. As a result, we were able to make music video games the number one category for video games for calendar year 2007.

During your panel, what are you going to focus on at Music Matters?

Huang: I want to show the industry our particular interpretation of what video games are. Through the Aerosmith version, they’ll see the way we present music and how it is different from any other medium. What we did with their music is just qualitatively different. Sales of Guitar Hero have driven sales of music. Part of the reason why this happens is a certain magic about how we treat music. The fact that people can live this fantasy of playing Joe Perry’s music, or Santana’s music or Jimi Hendrix, there’s just a magic that exists here that hasn’t existed in any other medium.





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How will you go about localizing the game?

Huang: We definitely have moved from Guitar Hero 2 to 3 and we put non-English songs on the latest Guitar Hero and we'll expand that in every future version. We're going to localize it and put in Asian artists in future versions. There's no question about it. It's going to happen. Each culture has its own music and our challenge is to find what's relevant in each country.

Music Matters is a first step towards localizing the game in Asia...

Huang: Absolutely. People in some parts of the world have not seen Guitar Hero and we have to evangelize. We're looking to learn from each of the different territories and looking to see who the relevant artists are and who is relevant for our particular video game.

Do you worry about the effects of piracy on the game, especially in this part of the world?

Huang: Guitar Hero is made on consoles so we have not formally introduced our product into China. I've seen some great market products in China and one of the things we are trying to figure out are the artists, the platforms we would run on and what laws there are. Sales of music vary in countries because of copyright laws and we have to figure that out in each country that we go into.

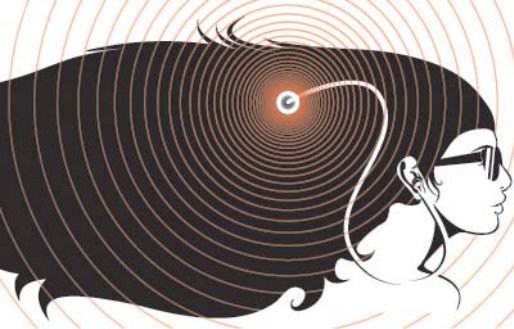
How do you think Guitar Hero will fare when you enter the region?

Huang: We've done very well in Australia and New Zealand. Our next target countries are Japan and Korea. China is also high on the list for us but we have to figure out if it will be a different product. What's popular there is MMO--massive multiplayer online games--so we have to figure out how we can break into the market.

How has the popularity of Guitar Hero surprised you?

Huang: The game has become a social phenomenon that we never expected. There are bars that hold Guitar Hero nights here in the U.S.. South Park did a whole episode on Guitar Hero. We have heard from businesses like Guitar Center that sales of guitars have largely gone up because of the game. We have seen with Guitar Hero 3 that every single song on it saw increases in sales and downloads. We've seen this through Soundscan. For a while, with every single band that appeared on Guitar Hero 3, their best selling single download was the song that appeared in the game. For instance, Paint It Black by the Rolling Stones was on it and that became their best selling download. It was that way for every single band and artist. Those are the things that we never expected.





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Before, we saw that music was helping to drive sales of the video games and now that's flipped. Comments?

Huang: We've sold over a billion dollars worth of Guitar Hero product. Rolling Stone Magazine said that the sales of video games in 2007 was bigger than the downloads in dollar terms.

What are your personal tastes musically?

Huang: They are very eclectic. One of the beautiful things about Guitar Hero is that it forces you to listen to music you otherwise wouldn't necessarily seek out. For instance, there's a song called Through The Fire Flames by a speed metal band called Dragonforce. In fact, their guitarist Herman Lee was originally from Hong Kong. That was a tough song. I spent a lot of time playing it and now it's growing on me.

What do you see happening in the future?

Huang: This summer we will release Guitar Hero in Nintendo DS. It's the first foray into portable. We're looking at ways to make portable music games and make it as portable as music is. We will do a new Guitar Hero this Christmas. And in the longer term, Asia and China is one market to figure out and the other major trend is local artists. We'll aim to get deeper and deeper into the local music scene. This is very big for us. It's an innovation for the genre.

How has the success of the game changed your relationship with the industry?

Huang: In Guitar Hero 1, we couldn't even license original recordings. With 2, we started to get some and now on 3, 70 percent are masters. With 4, we're getting entire bands in the game and we have no problems getting masters. The success of the game has helped. But not everyone worldwide has seen it. That's why Music Matters is important to show people what we do and get them excited...hopefully.

And how do you feel about coming to Asia?

Huang: We're really excited. We have a major emphasis in our growth plans for Asia and Music Matters will be the first place to make our forays and get to know the industry. Thank you.

Charles Huang will be speaking as part of the Games panel at Music Matters on June 5th June at about 11:30am. Music Matters takes place at the Grand Hyatt in Hong Kong on 4th-5th June. For more information please see: www.musicmattersasia.com

