<u>Tech-Sharing Questions (context is within a January 2004 interview between Naughty Dog & Insomniac)</u>

Q: (Jason & Ted) First, a little pre-history. How many Naughty Dogs/Insomniacs were originally at Universal Interactive Studios, and what motivated the exodus that created your respective companies?

A: Al Hastings and I developed the demo for Insomniac's first game Disruptor in the spring of 1994. We had been shopping the game around to various publishers for a while. We ended up signing a multi-title deal with Universal on the strength of that demo (which is kind of laughable – or lucky – looking back on it). We were on the Universal lot until Spyro 2. The reason we moved out was that a more "important" group at Universal wanted to take over the windowless space we had occupied. In retrospect it was typical of the way we had been treated but a very good move for us. The move off the lot strengthened us further as an independent developer.

After we finished Spyro 3 we had around 23 people. We left Universal for a number of reasons – the most important was that a three party deal (Insomniac/Universal/Sony) made no financial sense to us. It's important to note that our departure did not "create" the company. Both Insomniac and Naughty Dog were independent companies before hooking up with Universal.

Q: (Jason & Ted) When you guys were next-door neighbors in Burbank, was your relationship more of a personal level, or had it become more or less company policy by then?

A: I think our relationship has always existed on a personal level and will remain there. When our companies were both much smaller and working in adjacent spaces we hung out and discussed the same things and shared the same frustrations. And since a lot of the same people are still working at both companies those bonds have continued. There is no company policy that says "we must maintain a good relationship with Naughty Dog". It's just something that is because it makes sense for both of us.

Q: (Jason & Ted) What kind of business synergies were realized through this relationship? Ever have any of those "2+2=5" moments, in terms of the kinds of things you can do working together?

A: I think we still have one of Naughty Dog's CD burners (or perhaps it's the other way around).

A little history: We had certainly shared a few ideas here and there in addition to sharing hardware but I have to give the credit to Jason for the original foray into technology sharing. He called me during pre-production on Ratchet & Clank and asked if we'd be interested in taking a look at their code for their background renderer. It was hugely beneficial for us to actually use that code. We gave it back to them with some modifications and then gave them the code for our occlusion system, which I believe they used on Jak II.

But this is a good example of how technology flows back and forth between the two companies and how our teams work together to do things we couldn't easily do alone.

Q: (Jason & Ted) When Sony made the decision to acquire Naughty Dog, was there any concern that you wouldn't be able to do certain things between the two companies? Were there ever any conflicts to that effect?

A: When Naughty Dog was purchased by Sony it didn't make any difference in our relationship. We were already working very closely with Sony so conflicts were non-existent.

Q: (Jason & Ted) While looking for other examples of such corporate goodwill, the only analogy I could find outside the gaming industry was aerospace, where only by making sure every plane was as good as it could be would anyone fly. Do you think that as budgets and development times continue to spiral ever higher, the only way to make a truly great game is to share resources?

A: Sharing technology (and perhaps other resources) will certainly be important when it comes to making *all* games, not just great games in the future. I think that the PC game developers caught on to this long ago and have been able to keep their budgets lower and have a greater percentage of personnel focused on actually making game content. In the console world we've been slower to adopt this approach because there just hasn't been enough middleware commercially available until recently.

At some point soon though due to the increasing complexity of consoles, I think it will be impossible for teams to develop games using all original technology and stay in business.

Q: (Jason & Ted) With as much as you guys share with each other, what's keeping your companies from just making the big leap and merging outright? If not, what are the advantages to staying separate?

A: Even though we share a lot, our corporate cultures are extremely different. Our production processes are completely different. We live in completely different areas. Trying to merge the companies would create more problems than we could handle.

But more importantly, I think both teams thrive on being responsible for their own, uniquely designed products. At Insomniac we're very selfish about the creative process — we would go nuts if we began trying to reach agreements with another strong-willed design team. And even though we do like to work together on technology, we certainly enjoy the friendly competition that producing side-by-side products creates.

Q: (Jason & Ted) While Naughty Dog and Insomniac are probably the most well-known of these corporate friendships, what other companies are in this network? I know I saw Sucker Punch's Sly Cooper in the Ratchet & Clank 2 menu screen...

A: Insomniac has worked closely with both Sucker Punch and SCEA in the same areas as Naughty Dog has. The Sony first party group is a great collection of developers who have a lot to offer each other.

Q: (Jason & Ted) Does the fact that you guys share technology, not to mention genres, ever confuse people into thinking each made the other's game or even got the games themselves confused? (Granted, this might seem like a long shot, but when you're dealing with the mass market anything's possible...)

A: The only confusion we've encountered is that some people think Naughty Dog wrote the engine for Ratchet & Clank. And I remember one article which claimed that CTR used the Spyro engine! These days, games use lots of engines or renderers. We have about 12 in Ratchet & Clank, all but a couple are original Insomniac code. Fortunately both companies have a strong enough presence that people don't get confused about which developer created which franchise. Whether or not they really care is another question...

Q: (Jason &Ted) In an era where a company's most valuable asset is arguably its intellectual property, are there ever times where there's some inter-office grumbling about "Should we really show them that...?"

A: Showing another team a prototype or semi-finished level is usually a good way to guarantee that that the other team will NOT copy your ideas. The last thing we want to do is be called an imitator and I think the same can be said for most other teams that develop original properties. For instance, Insomniac and Naughty Dog make an effort to compare ideas early on to ensure that the final products are not too similar.

And we aren't terribly worried that showing off our animation techniques or renderers or whatever is going to lessen any competitive advantage we might have. Players are more interested in the whole gameplay experience than whether or not Team A's lighting looks similar to Team B's.

Q: (Jason & Ted,) Like all good friendships, it is not the smooth sailing but the conflicts that define and eventually strengthen a relationship. Care to recall any ideological conflicts and how you managed to get through them?

A: Conflicts? None. The only *disagreement* we've ever had was when Jason compared controlling Spyro to steering the Exxon Valdez. And I retorted by calling Jak a mutant elf. And then he punched me. And I kicked him. We went out for beers after that and promptly forgot about the whole thing.