Facebook's Oculus woos virtual reality game makers with millions

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Facebook-owned Oculus wants game makers to buy into the future of virtual reality, but for some developers, creating content for a smaller audience is also a gamble.

Despite all the hype surrounding the technology, virtual reality headsets aren't flying off the shelves as quickly as some analysts expected.

Oculus has been putting its money where its mouth is by funding developers ready to get into the game.

"Developers get so incredibly geeked out by technology that selling them on VR is the easiest part of my job. That leaves only the business," said Oculus' Vice President of Content Jason Rubin in an interview.

When the Oculus Rift virtual reality headset was released in March 2016, only 30 VR titles were available. Now more than 500 titles have been released.

In July, Oculus announced that "MARVEL Powers United VR" - a multi-player game that allows users to step into the shoes of popular comic book characters, such as The Hulk and Captain Marvel - would be available in 2018. The tech firm also released "Echo Arena" and "Lone Echo," games that let consumers experience movement in zero gravity.

Those games were fully funded by Oculus. Many developers, though, are willing to invest their own money to create these immersive environments and learn about the technology, Rubin said.

About 70 out of more than 500 titles have some Oculus funding, he said. About a third of the 70 titles are fully funded by Oculus.

"We're putting money into it, and (developers) stand to make money and also to learn about VR," Rubin said.

In October, Facebook CEO Mark Zuckerberg said that the company would commit another $250 million to fund VR content, bringing the total to $500 million.

"We feel really comfortable that now is the time to push VR into second gear and kind of reach a broader audience," Rubin said.

Beyond funding, developing games in virtual reality also comes with design challenges.

Glen Egan, president and CEO of Sanzaru, which developed "MARVEL Powers United VR," said that in a traditional game, "the camera and the way it communicates with the player can be constantly controlled."

But with virtual reality putting the player in a first-person perspective, he or she has more freedom to look around, and designers need to take this into account.

In "MARVEL Powers United VR," creating a system that maps a player's motion onto an avatar of a
superhero within the game isn't as simple as it looks.

"This behavior is actually very complicated, and the challenge comes from having to map regular humans onto very different sized super heroes: Rocket Raccoon has a relatively small shoulder width, but Hulk's shoulder width is immense," he said.

Still, the amount of games available is smaller than what consumers are used to, and the cost of a headset and high-end computer are making people think twice about a purchase, analysts say.

"I think the hype is somewhat justified because I do believe it's a future computing platform. But I also think, too, that the products that we have today and all the software and services is really just step one in a lead up to a mass market use of VR," said Brian Blau, an analyst at Gartner.

And some video game makers aren't willing to take the risk yet, despite experimenting with the technology.

"They've likely got to invest quite a bit of money into any particular title, and they need to get returns on it," Blau said. "And today, the situation is there's not enough game players in any one category to sustain those big-budget titles."

Zuckerberg has also acknowledged it could take five to 10 years before virtual reality reaches the masses.

This year, the augmented reality and virtual reality market is expected to reach $13.9 billion worldwide, according to the International Data Corporation. By 2020, the market intelligence firm estimates that spending on AR and VR will grow to $143.3 billion.

But as it tries to reach the masses, Oculus' foray into virtual reality has been a bumpy ride. Facebook bought Oculus in 2014 for $2 billion and shelled out another $1 billion for employee retention bonuses and other deals.

Since then, Oculus has faced shipment delays, a leadership shuffle, the departure of a co-founder and an intellectual property theft trial.

Oculus recently dropped the price of its Rift headset and Touch controllers from $598 to $399 for six weeks, fueling speculation that the company was in trouble. The tech firm decided to bundle the Rift and Touch for $499 after the sale ends.

While Rubin acknowledged that the company has made mistakes along the way, he said that bringing on more content to virtual reality is going as planned.

"Eventually, the growing pains of going small to big is going to cause a lot of interesting things to happen," Rubin said. "None of those things have anything to do with the long-term game plan as far as the hardware itself goes."

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