

Masters of Scale: Rapid Response Transcript – Andrew Wilson

“How Electronic Arts grows a metaverse”

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ANDREW WILSON: We are the biggest, fastest growing entertainment medium in the world by a wide margin, and it has been that way for some time.

What we saw through the pandemic was tens, maybe hundreds of millions of more people recognized that games were a lot of things. They are inspiration, they are escape, they are competition, they are self-improvement, they are creation. But what they really are is social connection. And that won't go away.

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BOB SAFIAN: That's Andrew Wilson, CEO of Electronic Arts, the gaming company behind franchises from Apex Legends to FIFA to The Sims.

Gaming's growth, especially during Covid, has drawn the competitive attention of media titans from Facebook and Snapchat to Netflix and Disney. Meanwhile, the gaming industry's culture has come under fresh scrutiny, with industry leader Activision hit by a harassment lawsuit.

I'm Bob Safian, former editor of Fast Company, founder of the Flux Group, and host of Masters of Scale: Rapid Response. I wanted to talk with Andrew because he has navigated this environment with cultural and competitive sensitivity.

In the accelerated tech adoption of the last 18 months, EA has been among the big beneficiaries. Leaning into entrepreneurial partnerships while preparing for the next gaming frontier, the still-evolving concept of a virtual “metaverse.”

Andrew's approach has been proactive, whether in dealmaking or addressing topics of gender harassment and diversity.

Charismatic, passionate, and a natural storyteller – he highlights the human factor in the marketplace and the workplace, offering perspectives and lessons about competition, human motivation, and the importance of fair play.

[THEME MUSIC]

SAFIAN: I'm Bob Safian, and I'm here with Andrew Wilson, the CEO of EA. Andrew, thanks for joining us.

WILSON: Thanks for having me. It's great to get together again.

SAFIAN: It is good to see you. We have not seen each other since well before the pandemic. I have to say, when I was thinking about you, during the pandemic, some businesses had some really tough times – airlines, restaurants, a slew of others – but gaming and interactive entertainment kind of had the opposite experience. Business boomed. Was it strange to have a good year in 2020 in the midst of a hard year?

WILSON: We got very lucky as an industry. As we were moving through the pandemic and people were using our games to connect with their friends and their family, we saw our business do very, very well. We didn't come out and celebrate that, and we didn't beat our chest about it. It didn't feel right, but we were very lucky.

But the other thing I would say is it was also challenging on our people. While we spent a lot of time and energy around our players and doing things for our players, our focus all the way through was on the health and wellbeing of our people and their families. Let me tell you, while the industry on balance did very, very well, it's hard to do what we do from home. It really is. We have the ingenuity and commitment of our teams and the resilience of the human spirit to thank for the fact that we were able to do so much for our players. But there were some tough days on our teams. Making games from home is no easy feat, and it is not for the faint of heart.

SAFIAN: Are there things that over time you've learned that, "Oh, this can continue to be effective remotely," or "This will suffer not in person"? How does this impact the way you think about what the company is going to look like a year from now, two years from now, three years from now?

WILSON: Yeah. I think we've certainly learned a lot, but we're still in a very acute time frame, right? I mean, our company has been around for over 40 years, and what we're talking about is 18 months. In that 18 months, our people have done extraordinary things, launched a whole bunch of games and a whole bunch of live services and supported hundreds of millions of players around the world. So on balance, you look back and go, "Cool. Let's just be remote forever." But it wasn't without its challenges, physically and mentally and emotionally and spiritually for our people.

So I still feel like we're in the learning phase, and there's just no doubt that the future is going to be more flexible than the past. There are things that we have learned that we can do remotely that we never would have thought possible, which impacts not just the flexibility of the work environment, but certainly how we capture motion, how we capture audio, how we do animation, these things that we always felt had to be in-person. We always had to bring athletes and actors and voiceover artists to us. Our teams have

demonstrated that, yeah, it's actually better to have them on-site. It's actually better to have them in a studio. But in a world where that's not possible, we have avenues open to us to still get what we need to make great entertainment.

So I think that we will almost certainly evolve. I don't think it will be a 180 shift from people coming together.

SAFIAN: Yeah, and in some ways, there's some intimacy, too, that comes with some of these remote access things. I've heard that your kids made regular appearances on the virtual town hall meetings at EA, right? Here we are. We're in each other's homes, having these dialogues.

WILSON: I would tell you for me that, I'm an introvert masquerading as an extrovert. So this concept of being at home and with my family was actually kind of warming for me. So we kind of spent the last 18 months or so as a family unit, the four of us, my wife and my two kids, and we decided really early on that we weren't going to try and segregate things. My kids, they love to come in and kind of sit on my lap for town halls and sit on my lap for investor calls.

I remember doing one call where the people were very serious, and they said, "Well, so listen, here's what we need you to understand. We can't have kids coming in. We can't have the dog barking. I just looked, and I said, "Listen, I'm really sorry. I don't want to be rude. I can tell you on a daily basis my kids and my dog are present in every activity I do. If you are happy to move forward on that basis, let's keep going. If you're not, then we're going to have to wait until after the pandemic." They kind of looked at me, went, "Huh. Okay. Let's do that then." Of course, my six-year-old came and sat on my lap, and we made paper airplanes, and I did the Zoom call.

But I think as a company, while we have been apart, we have never felt closer together. I think this has built bonds that will be enduring.

SAFIAN: So the pandemic is ebbing in some places, in some places, in other places, rearing its head in stronger ways again. A lot of businesses that did well through the pandemic that people went to for solace or for new habits are wondering, "What about that growth, what about that habit shift will be transitory, and what's going to stay?" How do you gauge this question at EA?

WILSON: It really comes down to kind of human motivation. There's lots of reasons why people seek out entertainment: escape, inspiration, social connection, competition, creation, self-improvement. These are these core motivations as to why we do what it is that we do when we play video games or we watch movies or we listen to music or we go to sports events.

So when you were looking for escape, that might be more transitory, because once you go back out into the world, you don't need escape so much anymore. When you were looking for self-improvement, that also may be transitory. We don't have as much time to

spend on the Peloton as we did before. But when we think about social connection, and we think about this circular trend that is social interaction is moving from physical to digital – Covid accelerated that circular trend. What we see is the reason most people played our games wasn't about escape. It was about social interaction. I was getting letters on a weekly basis saying, "Wow, I just want to thank you. My son, my daughter, is in college on the other side of the country. They're holed up in their dorm room. I'm getting together and playing games with them online every night. We're maintaining this connection."

And so I think what we saw through the pandemic was tens, maybe hundreds of millions of more people recognized that games were a lot of things. They are inspiration, they are escape, they are competition, they are self-improvement, they are creation. But what they really are is social connection. And that won't go away.

SAFIAN: Yeah. I have a teenager at home, I think I mentioned, and his social life with his high school friends was all via FIFA. And they were playing, but they were chatting.

WILSON: Yes. Yeah. And so I don't think that goes away. Social interaction and competition are two of the most powerful positive motivators of human behavior. And as we engage in them and as we fulfill those motivations and we feel good about it, we do it more, and we do it more, and we do it more. So when you get a bunch of fans and friends together who are really fulfilling those two core motivations and leaving that interaction feeling good, they're going to come back the next day and do it again. And as we think about building games, and as we think about building entertainment, that's what we focus on.

SAFIAN: Some folks expected to see a big slow-down from the Covid quarter, that 2020 boom period, but you just reported almost no hiccup, just 3% off that historical high.

WILSON: I mean, last year's first quarter was unbelievable. We actually didn't expect a big drop off. I know there were lots of people predicting that we would see it because that was true for a lot of other forms of media. But video games aren't just an amazing form of entertainment, they're an amazing form of connection.

And when you normalize Q1 over Q1, this quarter was a week shorter than last year's Q1. And so on balance, we're about flat. And that's really because we've had 140 million people playing our sports games, we've had 100 million people playing Apex, we've had over 35 million people playing The Sims.

SAFIAN: You acquired a bunch of companies in recent months: Glu Mobile, Codemasters, Playdemic, billion dollar-plus deals. Was this based on demand patterns you saw or emerged during the pandemic, or is this a strategic priority that's coming from someplace else?

WILSON: Well, I think there's two things in play. One is we have more people playing on more platforms and more geographies or more business models than ever before by a wide margin. Mobile continues to be the world's biggest and fastest growing gaming platform. I think we have had some success in mobile, but not nearly as much as we would like. And there was an opportunity to make some acquisitions in the mobile space that really extended our mobile business, built our IP, but more importantly, brought in new, amazing creative talent to our organization.

But the second thing that we also saw through the pandemic was that for many people who were deep fans of sport, deep followers of sport, we were their sport. So much of the world's real sport was on lockdown. We were their sport. We were bringing in athletes and teams, and creating e-sports tournaments around FIFA and Madden and hockey and UFC and other things. And so what we have recognized is this strength that we have in sport on a global basis is a really big opportunity for us as a business. And so when you look at Glu, when you look at Metalhead with Super Mega Baseball, when you look at F1, when you look at Playdemic, while a lot of it has a mobile orientation, it also has a sport orientation, and it's the combination of these two opportunities that really fueled our energy around these acquisitions.

Again, coincidentally, they all happened in a really short timeframe, having bought one thing in eight years. We did four in quick succession. That's just, I guess, how the world works sometimes.

SAFIAN: As you're talking, I was thinking that sports, Hollywood, streaming services, they still get so much more popular media coverage than gaming, especially given the size and the growth trajectory of the businesses. Why is that? Does that bug you?

WILSON: No, not really. We are confident in who we are. We know we are the biggest, fastest growing entertainment medium in the world by a wide margin, and it has been that way for some time. I love movies too. I love music as well. We still have this dynamic around deep envy of our Hollywood stars. But over time, I think what will become apparent is that games truly are the leading entertainment medium on the planet for all generations. When I started in this industry, over 20 years ago, it was all about 14 year old boys in the basement of their house, playing games by themselves.

Now, what we know is that games now span six to 60. Male, female are evenly split. It's global. It spans all business models. And so it's just a matter of time. But we don't begrudge it. We love our Hollywood family. We love movies, and we have great relationships. A big part of our business is our Star Wars business. There are going to be some other things we do with our partners in Hollywood that we're very excited about in the next few years. But we're confident in who we are.

SAFIAN: Before the break, we heard Electronic Arts CEO Andrew Wilson explain what he thinks makes video games special. Now, he discusses some of the downsides of the gaming

industry culture, and how he's working to address it. And he explains what the "metaverse" really is, and why businesses from Facebook to Netflix are angling to get a piece of it.

Recently, there's been some intense focus on workplace issues in the video game industry. Harassment and gender diversity issues, most pointedly aimed at Activision. None of this has referenced Electronic Arts, but I can imagine it raises challenges for you?

WILSON: Anytime you read about harassment in any form, anywhere in the world, in our industry or in our world at large, I would tell you as a company, we understand and appreciate that this is something that we have to be really, really focused on. And culture for me is the collective habit of an organization. And habit is formed by human beings. And when you bring 10 or 11,000 people together, that collective habit becomes the culture of the organization.

And so we've been working really hard on Electronic Arts for a long time, and let me start by saying, we're not perfect. This is an ongoing journey for us. I think it will always be an ongoing journey.

And I stood on stage, oh it must be back in 2016 or '17 now. And I looked at our audience of probably about 7,000 people, and I just said, "Listen, I'm sorry for anyone that has been subject to this. But this is unacceptable at Electronic Arts, we will not tolerate harassment of any kind. And not only are we going to talk about it, but we're going to take real actions and we encourage any, and all of you who have encountered anything or seen someone else encounter anything, please come forward."

And since that time, we've been working diligently on our "Raise A Concern" tool, on our communication with the organization, on open and honest dialogue. We've got employee representation groups, our EOGs, that have about 3,000 people in them that help us shape the culture.

And every time we have a concern raised, we investigate it to the very end and we take any and all appropriate action. And that meant actually, removing people from the organization and or rescinding offers that we'd made to senior executives where we recognize that they may have done something in their past.

And again, I just echo, we're not perfect. As human beings, we are imperfect creatures. As a collection of human beings, our company culture isn't perfect. But what we are is dedicated to this, and we're being very deliberate about this.

And we do have gender pay equity across the company. And we do have pay equity across minorities, where we're allowed to measure that data, across the company. And we have instituted new processes around how we hire people and how we recruit people and how we retain people. But more importantly, how we investigate any time anyone raises a concern. And this just has to be central to who we are as a company. And it's

something that I've taken very, very personally, something that our management team has taken very, very personally. And it's something we'll continue to work on from now until the end of time.

SAFIAN: The Activision situation is not the first tumult in the game industry around these topics. In just the last three years, we've seen lawsuits at Riot Games, upheaval at Ubisoft, and now, Activision. How did you talk to your company when this came up?

WILSON: I try not to spend a lot of energy solving problems that are happening in other companies. What I do try to do is spend all of my energy, listening to what our people need. And have that meaningful conversation lead to very direct and measurable actions.

I don't want to pretend like we've got this all solved and sorted out. And when we get it wrong, we're going to do our best to fix it as quickly as possible.

I would tell you there's been many a night or early morning as I lie awake in bed, staring at the ceiling, of self-reflection both for me, who I am as a leader and how I show up, and us as a company and how we show up. Both to each other, to our players and to the world at large. Are we missing something?

And it really is this desire to be a better company tomorrow than we were today, and a better company next week than we were this week, and just always be challenging ourselves that way.

SAFIAN: I noticed that the Activision situation wasn't raised by anyone at your recent shareholders meeting or on your earnings call. Did that surprise you?

WILSON: The short answer is yes. Because I think it had been raised at other people's calls. I would love to believe that folks know and understand the actions that we've been taking for some number of years. I'm not quite sure that was it in all honesty, I'm just not. And actually, I would have welcomed the opportunity to have the conversation because we could have shared some of the things that I'm sharing with you today, which is that we're not perfect, but we have been directly addressing this for some number of years. And we have been doing all we can to be a better company each and every day and come out in service of our people. Built on a foundation of diversity, inclusion, equality, and equity.

SAFIAN: I want to ask you about the term metaverse, which I'm hearing more frequently. What is the metaverse? And how does a company like EA think about it?

WILSON: Yeah. It's the buzzword of the moment, that's for sure. So the metaverse, as a word, or as a framing of a digital space, I think was first used in a book called *Snow Crash*, which is like 1993. So imagine this, this notion of a 3D virtual world where we all

exist as avatars – I think that was the first time the term avatar was used. It blows my mind. I went back and read it again recently. And I'm like, "Wow." In hindsight, it was such a visionary book.

Now, what I would also tell you if you haven't read the book, things don't end that well in that book. It goes sideways in a hurry. And then, of course, we had *Ready Player One*, which retold that story of what happens. Again, it didn't all go that well in that book either, as it turns out. So as humanity, we probably want to be careful of just how fast we run at this thing called the metaverse. Be that as it may, what the metaverse really is, I think about it as concentric circles. The first thing is, it is a 3D virtual representation of a social space. So think about what Facebook would look like in a 3D environment. We would have an avatar. We would speak to each other. We would share stories.

"Beyond just social interaction, what else might we want to do together?" Well, we might want to take a walk. So in that world, we're going to have to build a door in this room that we're in, and we're going to have to have somewhere to go walking, and then we might want to play a sport. And so you should think about it as a 3D virtualization or a 3D representation of this social space that will ultimately evolve to be much more than just you and I chatting to each other as virtual avatars.

You should think about entertainment, should think about education, you should think about exploration, and ultimately, you should think about corporate enterprise, which is at the very center of these two books, and many other books that have been written since. As we think about it, I don't think there will be a metaverse or the metaverse. I think that's highly unlikely.

There are these pockets on the internet that we spend most of our time in, and I think the notion of the metaverse is likely to be that.

And I think we're going to see two groups running towards this. You're going to see groups that have this kind of social interaction as their core conceit or their core motivation. Think Facebook, think Snapchat, think Twitter, who are going to look to try and build out 3D visualizations of that space. At the other end of the spectrum, you have games companies who already build out 3D virtualizations and who already create 3D avatars and who already facilitate social interaction in the context of a 3D virtualized space, who start to kind of work backwards. And what other things can you do in a game beyond just the core conceit of the game?

So if I'm a soccer player today, in the context of FIFA, what might happen if I walk out of the stadium. And you're starting to see us and others kind of expand what you can do inside of a video game. The next step of that of course is, well, how do we let you create in that world? So the metaverse likely, or a series of these smaller mini metaverses likely won't be built by any one company but would be built by empowering a global community of players and creators to create the world that they want to spend time in.

And what you're going to see from us and certainly what you're hearing from the industry right now is this democratization of the creation of content and services. And that will be true for The Sims, that will be true for Skate, that will be true for FIFA and Apex and Battlefield and so many other games. This notion of a metaverse is going to be a developing 3D virtual representation of a social space where over time, we look to expand the activities that we could perform in that space, and the world expands in line with the activities that we want to perform.

SAFIAN: And so FIFA is like a mini metaverse, if you will, that's evolving now. And the commercial activity that takes place within that metaverse becomes, I guess, a part of your business.

WILSON: I will tell you, we're at the very inception of this, the very inception. And so it's hard to understand how it's all going to play out. Our role is to create the foundations for these amazing worlds, and then empower our community to do great things and just put some guardrails in place so bad stuff doesn't happen.

And I will tell you, we're still working through that, and as you see the expansion of what FIFA is today versus what it was 10 or 15 years ago, and you see the expansion of what The Sims is today, what we're really doing is we're doubling down on where we add the most value. And inevitably, there will be commercial enterprise, both with us as the vendor and with others in the world as the vendor. And over time, we will have to just figure out how that will work, but in a free market economy, everything has a way of working itself out.

SAFIAN: There's all this communication that's happening and growing on your games platforms, and it makes me think, platforms like Facebook and Twitter have struggled to moderate the discussions on their platforms. As dialogue and games and metaverses grow, how much do you worry about monitoring the dialogues on your platforms?

WILSON: Yeah, I think this is a really good question, and I would say worry's not the right word, but we want to be very, very thoughtful about it. Very thoughtful. My position is we shouldn't be out there censoring speech and censoring dialogue and censoring opinions. That's not our role in the world. With that said, we're a values-led company, and our company is built with central values of diversity and inclusion and equality, and creativity and pioneering and passion and learning, determination, and teamwork. And so the way we think about it is how can we use technology, artificial intelligence, these types of things to help us get to a point where the dialogue represented on our platform is true to our values?

We developed a group, and we're building around this group called the Positive Play Group and the Positive Play Charter, and this isn't about us stepping in and saying, you can say this, you can't say this, you should take this side, or you should take that side.

This is about, hey, we want this to be an area that people come and enjoy and have fun and get entertainment, and we want this to be true to our values, and where it's not true to our values, we're going to step in.

And we're going to ensure that people understand that when you exist in this environment, when you participate in social interactions through this platform, here's how we want this to work. And it's a hard line to draw, it's very nuanced sometimes, there are people that look to kind of get around the system. We're still at the very early stages of this, the very inception, and we're just trying to be thoughtful about it, and we're trying to be values-led as we think about putting these guard rails in place.

SAFIAN: So with all these changes, with all this opportunity, obviously your passion about gaming and EA has not dimmed one bit since we met years ago. What's at stake in this moment for EA?

WILSON: I think we find ourselves at a really interesting point. So if you go back and you look at history, every great revolution, at least in the context of entertainment content, every great revolution is built on the unbundling of content or the bundling of content. And the late 90s to the early 2000s I kind of refer to as the great unbundling. Everything was about how can you get just the one piece of content that you want at just that moment in time at just the price you want to pay? I think what we've seen over the last five to 10 years is the great rebundling, and we're seeing this happen around sports content, we're seeing it happen around entertainment content, particularly in the linear entertainment sphere.

So the Cloud has done this. As the Cloud comes into an industry, consumer-orientation moves from ownership to access, and once that orientation shift happens, the business model that typically rises to the top is either subscription or ad-driven monetization, and subscription typically is seen as the higher quality opportunity, and the highest quality entertainment typically falls into that category. And so you started to see that in our world today, we have the leading cross platform subscription in the market, but you see Microsoft kind of doing this as well. And so I think that we're going to see more bundling of content over time. I think that for Electronic Arts, we have a unique leadership position with the depth and breadth of our portfolio to be a meaningful player in that future. But there's another thing that I think is also going to happen, which is the Netflixes, the Amazons, the Hulus, the Disneys, the Peacocks, the HBO Maxs are going to recognize that while they can bring in large numbers of people in the context of their subscription, no entertainment medium drives the level of engagement that ours does. That games on a per-minute basis drives much deeper and long-term, meaningful engagement, by virtue of the social connections we talked about earlier, than any other form of entertainment can. And I think at some level, what we're going to see is the bundling of linear and interactive and the blurring of the lines between those two things in the context of the Cloud and in the context of subscription.

And so when you say what's at stake for Electronic Arts, for us, we want to be a meaningful player in that future, but we're up against 800-pound gorillas in the context of some of these other big platforms. But, again, if I look at what our teams have been able to do over the last 18 months, I would bet on them every day and twice on Sundays. And so I feel pretty bullish on our ability to navigate this future.

SAFIAN: As you were talking, I'm thinking, on the one hand, you're describing the Facebooks and the Snapchats of the world coming at you from one end, and on the other side, you've got the Netflix and the Disneys coming at you from the other. And you could look at that and say, "Uh oh, I've got to put up my walls. This water's going to get rough." But what I'm hearing you saying is, "Well, they're coming here because we've got a wind at our back, and they want what we have," and maybe that gives you a certain amount of confidence, obviously, that in whatever way that unfolds, EA can be a contributor, a player.

WILSON: Yeah. And I think that you're very perceptive. We have not said, "Hey, let's build walls. Let's build a moat. Let's protect." We've said, "Let's go be where our players are." We are now more open than we've ever been. We have our games and our services on more platforms than we've ever had in more geographies and accessible through more business models. So our orientation isn't to close. Our orientation is to open. Listen, I'll partner with Microsoft and Sony, Nintendo, and Apple and Google and Facebook and Netflix, because this thing that we do is hard. And I don't say that to be arrogant in any way or sound overconfident, but it's a very particular thing, this thing we do.

Making movies is an unbelievable thing. But this thing that we do is different. What we have seen as a lot of these other big platform players, all of these other big entertainment companies who've had success in all forms of the internet, in all forms of entertainment, have really struggled to do this thing that we do. And as a result of that, my orientation isn't to try and build walls and prevent them from getting over them.

And when you see what we've done with Disney and the Star Wars franchise with Knights of the Old Republic, with Star Wars Galaxy of Heroes, with Battlefront, with Jedi Fallen Order, with Squadrons, we have expanded the Star Wars Universe with Disney. It is now a bigger universe by virtue of our cooperation in the creation of those experiences than it would have been just with the movies or television alone.

SAFIAN: What haven't I asked about that I should have? Is there anything we haven't talked about that we should've talked about?

WILSON: We've talked about the role that video games play today, we've talked about the role that video games play through the pandemic, we've talked about where we think it's going to go in the metaverse. I think one of the big things that is going to be up for question over time is: how do we think about ensuring that it is a really positive place to play? I would tell you, as a company, it's a big focus for us. A lot of people look at

publicly traded companies and say, "Well, it's all about the money. They just want to make money. They just want to do this." And again, we are a for-profit organization, but the greatest way that I think that we can generate long-term value is to ensure this thing we do has a long lifespan, and the way we do that is we have to spend time and energy ensuring that it has a positive impact on people's lives.

We see movies make all kinds of statements. We've looked to music since the '50s to make all kinds of statements, and I think that we have an opportunity as an industry, to actually positively impact the world through values-driven messaging.

And as we sit down and think about the things that we do and the worlds that we create and the characters that we put in them and the stories that we want to tell around those characters, we are trying to be more thoughtful about that. And I think it's really important for our industry to be more thoughtful about that. And it puts a bigger onus on us in how we do things, but I think it should be an expectation we have of ourselves.

SAFIAN: Well, Andrew, I really appreciate you spending time with us. Thank you so much for sharing. It's always great to chat with you.

WILSON: Thank you for having me. I really enjoyed the chat.