**AI x Gaming**

**Week of January 20th, 2024**

# **Top 3-5 Key News Items**

**Key News Item #1:** Capcom testing generative AI to manage “tens of thousands of ideas” ([Link](https://venturebeat.com/games/capcom-testing-generative-ai-to-manage-tens-of-thousands-of-ideas/))

* In a recent Japanese interview, Capcom technical director Kazuki Abe explained how Capcom is using generative AI for generating ideas. The idea is to reduce the amount of drain thousands of small decisions cost game dev productivity.
* Specifically, Capcom is using a Gemini AI model that is fed all sorts of details and information about the game to generate ideas that are internally consistent. He gave an example of having to put a TV in a game and needing to create a new design and logo to avoid brand or design infringement.
* Using GenAI for lots of small design decisions helps shift the human task on these issues from lots of micro-busywork into more of a review position to pick a solution and verify it. There is an obvious grey area about where approval of solutions bleeds into broader design work.
* Game design work often involves a lot of small problem solving in a holistic system that tends to rely on lateral thinking. GenAI can certainly generate an indefinite number of potential solutions that can try and keep a whole system in mind, but there’s a question of how often old solutions and ideas are simply being recycled.
* There’s often a notion from outsiders that game design is about “coming up with ideas” when it's much more often about iterative problem solving with a good chunk of creativity. Realistically this isn’t too different from asking for potential solutions from others when trying to work through designs, which is often seen as a positive for more democratic design.
* **Why does this matter to AI x Gaming:** With labor costs and time being a source of game production cost bloat, anything that can speed up development time without taking agency away from designers is welcome. The risk here is a reduction in junior designers that ultimately hurts the talent pool.

**Key News Item #2:** Game Developers Are Getting Fed Up With Their Bosses’ AI Initiatives ([Link](https://www.wired.com/story/video-game-industry-artificial-intelligence-developers/))

* According to the 2025 Game Developers Conference (GDC) "State of the Game Industry" report, 52% of surveyed developers indicated that their workplaces are utilizing generative AI in game development. Approximately half of the 3,000 developers surveyed expressed apprehension about the impact of AI on the industry. Notably, 30% felt negatively about AI's role, an increase from 18% the previous year.
* With a renewed focus on labor costs and time crunch, there’s a definite concern from developers that higher ups will push AI into game development in irresponsible ways that compromise quality and security. Two of the most concerning areas for developers are code and art.
* As you’d expect, most developers believe that AI simply won’t match the same quality real humans can despite AI essentially copying and remixing human content. Attempts to hire humans that can leverage AI tools as part of their job have definitely had quality control issues like the infamous CoD six fingered zombie santa.
* Constant layoffs, cancelled projects and an increase from 8% to 13% of respondents to working 51+ hours a week are only contributing to further fear of AI encroaching on jobs. Executives' tendency to placate shareholders with talk of AI just further exacerbates the issue.
* As GDC approaches this will no doubt be a divisive issue as it’s likely there will be talks and products involving AI along with stressed and out of work developers. The irony is that these tools will probably be pitched as something to help developers not replace them.
* **Why does this matter to AI x Gaming:** The usage of AI in game development is basically inevitable, but the timing alongside a partial financial collapse of the games industry is both fortuitous and tragic. As with the previous tension around blockchain gaming, the devs who embrace the technology and start a new studio to pursue their vision for it will be the most aligned with the future.

**Key News Item #3:** Character AI launched two new interactive games, making a strategic transition toward entertainment integrated with AI-powered chatbots. ([Link](https://techcrunch.com/2025/01/17/ai-startup-character-ai-tests-games-on-the-web/))

* While Character AI is typically known for having AI chat models of various personalities real and fictional, the company is looking to embrace other ideas with two games that use AI chat: Speakeasy and War of Words
* Speakeasy involves getting the chatbot to say a particular word without using any of five listed words. War of Words has users dueling with the character, and an AI referee decides who won a particular round over five rounds. Both games are creative ways to use LLMs to simulate light party games.
* Usually bots are considered annoying or problematic, but making them act as the game itself empowers players to experiment with a particular type of relationship to the model. Experiments like this are individually a novelty, but can easily become a new genre that integrates with chat environments like Discord.
* Users on a platform like Character AI can often end up in situations where they run out of things to talk about with the models due to lack of structure. Expanding into games helps increase retention by providing additional structured ways to chat.
* **Why does this matter to AI x Gaming:** We are slowly creeping into potential fresh game genre territory as exploration of how smarter AI can benefit user experiences increases. There’s a lot of potential for creative new ideas, possibly even from the AI itself, of games to play that leverage the technology that can lead to some early winners.

**Key News Item #4:** Tencent unveils advanced 3D generation AI ([Link](https://venturebeat.com/ai/tencent-introduces-hunyuan3d-2-0-ai-that-speeds-up-3d-design-from-days-to-seconds/))

* Tencent unveiled its “Hunyuan3D 2.0” AI model that turns single images or text descriptions into detailed 3D models within seconds. Most importantly as with many models coming out of China lately, this one is open source.
* The model is broken into multiple components that create the shapes and texture them along with a camera system utilizing multiple image generation. This not only results in better outputs, but also requires far less computing power than competitors.
* GenAI for 2D images is already ubiquitous and the rate of improvement has slowed as the shift of interest has moved on to video and 3D. There’s been various pushes towards generating 3D models, but quality problems and inconsistency has led to a lack of general usefulness.
* Being an open source and high quality model will continue pushing this concept further and further along to the point where it will definitely be used in low budget game development much like GenAI 2D art has been. It’s not great news for 3D artists, but it’s great for indie devs focused on fleshing out unique gameplay that can’t afford 3D assets.
* **Why does this matter to AI x Gaming:** High quality open source models are rapidly pushing GenAI towards being usable for at least first pass game assets that an artist can polish up. The open source element helps prevent models like these from becoming a different trapped cost with a service provider. The next step after this is to build models that can not only generate high quality 3D assets, but also animate them.

# **Other News Items**

* **Announcing The Stargate Project** ([Link](https://openai.com/index/announcing-the-stargate-project/)): President Trump came out swinging immediately with this large budget US AI project that has already ignited further spats between OpenAI and Elon Musk.
* **Potential Changes in the Regulation of Artificial Intelligence in 2025** ([Link](https://natlawreview.com/article/potential-changes-regulation-artificial-intelligence-2025)): Trump also ripped out the brakes on AI put in place by the Biden administration to try and help America keep competitive pace.
* **DeepSeek-R1 reasoning models rival OpenAI in performance** ([Link](https://www.artificialintelligence-news.com/news/deepseek-r1-reasoning-models-rival-openai-in-performance/)): This open source reasoning model from China already competes well with OpenAI’s o1 model, offering a free or cheap alternative.
* **NVIDIA's Frame Generation Technology Could Come to GeForce RTX 30 Series** ([Link](https://www.techpowerup.com/331322/nvidias-frame-generation-technology-could-come-to-geforce-rtx-30-series)): Nvidia may be bringing its DLSS tech to older models.
* **Spell, a model to generate 3D worlds** ([Link](https://x.com/splinetool/status/1882133739867877392)): More evolving tech to generate 3D assets and spaces with this one currently being expensive to access, but showing lots of promise.
* **The State of AI Coding Assistants: Insights from 14,000+ Engineers** ([Link](https://jellyfish.co/resources/state-of-ai-coding-assistants-ebook/?utm_source=the-deep-view&utm_medium=newsletter-sponsorship&utm_campaign=primary-placement&utm_content=ai-coding-assistants-ebook&utm_term=download-now)): AI Coding assistants still have a ways to go, but getting insights from those on the ground is the fastest way to improve it.

# **Content Worth Consuming**

* **I got OpenAI o1 to play codenames and results were surprisingly good** ([Link](https://suveenellawela.com/thoughts/codenames-ai)):
  + Codenames is a board game that requires a mix of social awareness and clever connection making. In this playable demo and explanation, the OpenAI o1 model demonstrated a more human-like skill than we would anticipate due to the need for both logic and subtlety.
  + Board games make for a great test of AI’s ability to handle complex interconnected rule systems and also play within the spirit of the game. Moving towards party games that are more social in nature helps further test and demonstrate the capabilities of logic mix with some level of human understanding.
* **How AI helped refine Hungarian accents in The Brutalist** ([Link](https://www.artificialintelligence-news.com/news/how-ai-helped-refine-hungarian-accents-in-the-brutalist/?utm_source=feedly&utm_medium=rss&utm_campaign=how-ai-helped-refine-hungarian-accents-in-the-brutalist)):
  + Oscar potential film The Brutalist came under controversy for some now confirmed uses of AI on the film. In this case the usage was subtle and with a product that has already seen frequent under the radar use in Hollywood. Unlike deepfakes, this was closer to something like AI color correction where it was used to very slightly improve the most difficult parts of the Hungarian accent to help enhance the realism of the film.
  + Situations and tools like this where AI is simply used to improve rather than create from whole cloth pieces of creative content definitely represent more of a Photoshop power that isn’t going to replace art. The reasoning given for AI use however essentially boils down to “we couldn’t afford not to” due to the low budget and constraints of the movie. Expect more situations like this that might be less subtle to frequently apply to video games.
* **Every Idea ChatGPT Came Up with Was Good** ([Link](https://www.indiewire.com/news/general-news/paul-schrader-ai-can-mimic-best-filmmakers-1235086328/)):
  + In another Hollywood example that will likely become commonplace, a filmmaker is slowly embracing the inevitability of GenAI benefits. In this case Paul Schrader acknowledges that most Hollywood movie ideas aren’t terribly creative and discusses GenAI’s ability to come up with new ideas in the style of existing directors much faster than humans. Similar to Capcom’s usage, this example points to the need to treat AI as potentially augmenting our thinking and creativity but not necessarily replacing it wholesale.
  + The other interesting acknowledgement is that the Hollywood strikes against AI may have been overblown as the union driven nature of Hollywood still means AI use will result in paychecks. Unfortunately video games aren’t in the same position yet and the lack of organized labor protection means AI replacing a person can just result in a bigger bonus for execs.