**AI x Gaming**

**Week of March 10th, 2024**

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

**Key News Item #1:** Xbox unleashes the AI backseat gamer ([Link](https://techcrunch.com/2025/03/13/xbox-debuts-a-new-ai-powered-gaming-companion/))

* Microsoft showed off its attempt at an AI based gaming assistant it’s calling “Copilot for Gaming” on a podcast and to the press ahead of GDC. Like many of the other AI gaming assistants, it’s intended to help provide support while players are playing.
* Microsoft showed off some potential use cases such as providing assistance in picking an Overwatch character for a team based on its strengths, considering past character selections on a particular map. It also can apparently advise players on how to win a fight and improve in future encounters. In order to fight accuracy issues with game information, Microsoft partnered with game studios to try and ensure up to date information as opposed to relying on what could be old articles for example.
* There’s a number of other personalized uses such as notifying a player when their friends are online and offer to join them, helping recap what happened during the last time they played, installing games and recommending new games based on preferences. They also showed off simply accessing information on a topic related to the game such as real historical information, although it wasn’t information that would help a player actually play.
* Many core gamers reacted in the expected fashion of derision and sarcasm at the idea of being babied by what many refer to as the “Clippy for gaming”. There were some that saw potential use for younger gamers or those that generally needed some form of help they weren’t easily able to get. There was also some anger at a product like this undermining content creators even with Microsoft getting some information straight from the developers.
* Insiders can try out the feature using the Xbox mobile app, although it currently looks like it probably needs more work to be consistently usable, especially for the large variety of games out there.
* **Why does this matter to AI x Gaming:** There is a lot more attempt to push these kinds of solutions as a demonstration of how AI can positively impact gaming than there is any kind of vocal demand from gamers. There are some interesting use cases mentioned and it’s likely gamers would actually utilize this technology far more than they would publicly admit out of pride.

**Key News Item #2:** Roblox releases its open source 3D GenAI foundational model ([Link](https://www.gamedeveloper.com/business/roblox-open-sources-3d-cube-model-in-first-launch-of-genai-tools))

* Roblox open sourced its 3D generative AI model, Cube, for developers to "fine-tune, develop plug-ins, or train it on their own data to suit their needs." This model also underpins many of its AI tools in development and can generate fully functional 3D objects.
* Roblox also showed off new AI tools to be used with Cube such as a Mesh Generation API for text to object creation, and a Text Generation API for adding text-based AI features including narration and voice commands into games. It also promised future AI tools for scene generation.
* Unlike some of the existing implementations of text to 3D or image to 3D, Roblox utilized its platform to train on native 3D data so that it uses shapes tokens. This allows Cube 3D to generate better 3D objects meant for game usage rather than display and will eventually be extended to full scene generation. It’s only generating the mesh so creators will still want to flesh out the objects with textures or color, but this process can be a massive time saver, especially with the lowered expectations of detail on Roblox.
* Roblox has promised in the past to push towards AI tools to help boost its creator’s capabilities and this is a great start to doing so. Opening up the model is a smart move as well because it can allow others to build on it while Roblox focuses on its own extensions like scene generation. This model could also be expanded for us in other platforms or in a pipeline for AI game creation. Overall this is a big step forward for Roblox to make one of the trickier aspects of game development on the platform easier and hopefully coding will be on the future agenda as well.
* **Why does this matter to AI x Gaming:** Roblox is not only well entrenched at this point with over 2.5M game developers using it, but it’s also a common entry point for younger game developers who will grow into the struggling industry that will eventually have to embrace AI. Hopefully Roblox open sourcing the model will also have a positive impact on growing the whole space rather than just further entrenching the platform.

**Key News Item #3:** Wolf Games, from “Law & Order” to daily AI crimes ([Link](https://techcrunch.com/2025/03/12/wolf-games-backed-by-law-order-creator-uses-ai-to-create-murder-mystery-games/))

* A new game startup, Wolf Games, is planning to use AI to generate daily personalized murder mysteries for players called Public Eye. Wolf Games has crime solving in its DNA with its executive producer Elliot Wolf, son of “Law & Order” creator Dick Wolf. The game concept is a dystopian future where crime is so rampant the public has to help the police investigate.
* The game has players going through clues, evidence and suspects with the help of an AI assistant. The crimes are generated by AI and similar to Law and Order, use real headlines for inspiration, but are entirely fictional. The game will need to generate a fresh story every day, so any real world inspiration can help avoid monotony.
* The game creates suspect images, interview clips and photos of crime scenes. One of the more difficult aspects will be maintaining continuity and Wolf Games claims that for example if a character gets a scar halfway through the story, they will have it to the end. While AI can do an ok job of coming up with stories, staying consistent and logical without a world model can be tricky, especially with context windows being an issue.
* The startup managed to raise a $4M seed round and is currently on a waitlist with a planned summer release. When it’s released it will be free to play with optional IAP, although there aren’t any details as to what the IAP will be, it’s not hard to imagine some form of extra clues or additional guesses. Interactive crime fiction in general is becoming crowded quickly so F2P is a must to get any traction.
* Just about anyone can put a wrapper around AI and claim it can generate interactive daily fiction provided there’s a decent prompt, but structuring it as a proper game and shaping the controls around the fiction it generates will be the real secret sauce to chase after. It’s unclear if the game is using a cloud model via API such as GPT or Claude, but it would make the most sense to bank on an open source model for both cost and control reasons.
* **Why does this matter to AI x Gaming:** Narrative content has been one of the hardest for any procedural game system to generate, making it all the more compelling to chase after now that genAI offers some potential there. Text based generative narrative is the low hanging fruit for games, but is a throwback to text based adventure gaming of the 80s and 90s and this space will quickly become an arms race for text becoming images, and eventually interactive video with real-time character generation.

**Key News Item #4:** Inworld AI highlights AI problems by showing solutions ([Link](https://venturebeat.com/gaming-business/inworld-ai-showcases-ai-case-studies-as-they-move-to-production/))

* Inworld AI is leveraging GDC to show off more realistic production uses of AI in game development through a number of projects they are currently working with. One of the biggest aspects it’s helping tackle is the challenge of scaling AI NPCs from a cost and compute standpoint. Using cloud computing for AI is prohibitively expensive in that it requires not only paying per user, but paying per use, which adds up very quickly for free to play games especially. Little Umbrella who made Death by AI which we covered previously was a victim of its own success going from $5K to $250K in cloud costs two weeks and needing Inworld AI’s restructuring to save it. Another game, Status, also went through a similar cost explosion at $12 to $15 per daily active user before drastically shifting strategies.
* Instead Inworld AI is helping to make local processing more efficient to find a balance between quality and the system requirements to enable things. It’s not just the ability to process locally, but also the speed of doing so as video games require fast response time to feel immersive, something cloud providers also fail to provide efficiently. There are also issues with reliability and consistency, not just of cloud downtime, but API breakage and downtime as well.
* Another example problem revolves around controlling the AI behavior both in terms of complexity and ownership. AI behavior that is intended to persist over time requires a more complex setup to manage the experience for players and trying to accomplish this with cloud infrastructure is problematic compared with handling things on the client side where a game should be managed. In this case Inworld AI is partnering with experienced game developer Virtuous to provide the character based infrastructure needed.
* The only way modern genAI will realistically break into games is through solving some of the immediate issues with trying to deploy it, which in this case is cost, reliability, efficiency, quality, customizability and coherency. Inworld AI believes, and rightfully so, that it makes the most sense to focus on solving these issues at the client side and in trying to do so with the most hardware compatibility possible. Nvidia GPUs/NPUs are of course going to be key for many players, but Inworld AI also demonstrated compatibility across an Nvidia GeForce RTX 5090, AMD Radeon RX 7900 XTX, and Tenstorrent Quietbox.
* **Why does this matter to AI x Gaming:** Just as games had to learn how to properly utilize quickly advancing graphics technology using hardware on the client side with GPUs, there will be a learning curve to properly bring the AI experience directly into player’s homes. Cloud services for AI will always have their place and attempt to competitively scale cost, but they aren’t a good match for games for the variety of reasons Inworld AI demonstrated.

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# **Other News Items**

* **miHoYo founder’s AI game Whispers From The Star features real-time AI interaction** ([Link](https://technode.com/2025/03/17/mihoyo-founders-ai-game-whispers-from-the-star-features-real-time-ai-interaction/)): miHoYo founder Cai Haoyu shows off an AI game where players communicate with a stranded AI protagonist.
* **Liminal Experiences raises $5.8M for UGC and AI gaming** ([Link](https://venturebeat.com/games/liminal-experiences-raises-5-8m-for-ugc-and-ai-gaming/)): Liminal Experiences managed to raise for a UGC platform around playful narrative and fan fiction for IP.
* **Microsoft appears to be working on 3D gaming experiences for Copilot** ([Link](https://techcrunch.com/2025/03/10/microsoft-appears-to-be-working-on-3d-gaming-experiences-for-copilot/)): Microsoft looks to do some hiring to help build out game experiences to run within Copilot.
* **Introducing Our New SVP, Head of Product, Ryan Ellis** ([Link](https://stability.ai/news/introducing-our-new-svp-head-of-product-ryan-ellis)): Stability.ai snags Ryan Ellis from Unity product development to SVP, Head of product.
* **Leaked Apple meeting shows how dire the Siri situation really is** ([Link](https://www.theverge.com/news/629940/apple-siri-robby-walker-delayed-ai-features)): Apple’s attempt to quickly pivot into AI seems to get worse and worse news.
* **LocalThunk forbids AI-generated art on the Balatro subreddit: 'I think it does real harm to artists of all kinds'** ([Link](https://www.pcgamer.com/software/ai/localthunk-forbids-ai-generated-art-on-the-balatro-subreddit-i-think-it-does-real-harm-to-artists-of-all-kinds/)): LocalThunk, sole developer of megahit Balatro, waded into public anti-AI territory by banning AI art from its subreddit.
* **OpenAI and Google ask the government to let them train AI on content they don’t own** ([Link](https://www.theverge.com/news/630079/openai-google-copyright-fair-use-exception)): OpenAI and Google are both pushing for copyright exceptions so America can win the AI arms race.
* **OpenAI will let other apps deploy its computer-operating AI** ([Link](https://www.theverge.com/news/627556/openai-ai-agents-responses-api-agents-sdk)): OpenAI is opening up its agent model to 3rd parties to help gain some traction in what will be a heated battle especially after the debut of Manus.
* **4 short months after saying 'We'll have to adapt and change', Netflix's AI games VP adapts and changes into a person who isn't working there anymore** ([Link](https://www.pcgamer.com/gaming-industry/4-short-months-after-saying-well-have-to-adapt-and-change-netflixs-ai-games-vp-adapts-and-changes-into-a-person-who-isnt-working-there-anymore/)): Netflix continues to try and figure out what its game’s strategy is, but for now it's not AI.
* **Resident Evil and Witcher 3 Mocap Director Addresses Layoffs and AI in Gaming** ([Link](https://gamerant.com/resident-evil-witcher-3-mocap-director-layoffs-ai-gaming-sag-aftra-actors/)): Another industry vet wades into the AI replacing voice actors job debate.

# **Content Worth Consuming**

* **Motion In-betweening Leveraging Video Diffusion Models** ([Link](https://kwanyun.github.io/AnyMoLe_page/)):
  + As AI video and animation will quickly become used more it will be helpful to start addressing any of the weird uncanny valley issues that come from generative content. In this paper and demo the KAIST Visual Media Lab demonstrates some new techniques for “tweening” the motion of characters for smoother transitions.
  + Currently a lot of good looking animation comes from motion capture performing the exact action being presented, but that won’t work for generative content that needs to be dynamic and personalized. As machine learning and AI around that motion capture data is learned and combined with these tweening techniques it is only a matter of time before generative video and animation starts looking pre-made.
* **MovieAgent: Automated Movie Generation via Multi-Agent CoT Planning** ([Link](https://weijiawu.github.io/MovieAgent/)):
  + Another model out of a lab, this time Show Lab at the National University of Singapore has developed a Multi-Agent Chain of Thought (CoT) system for automated movie generation. The system uses a multiple step process that starts with a script synopsis or raw story and then starts generating story content into a storyboard that includes characters in a “character bank” along with scenes and shots to create.
  + It then begins generating scenes and shots including video and audio with subtitles. All of this from a synopsis or raw story combined with multi-modal and multi-agent generation like an invisible film crew. The examples provided are using Frozen 2 and NeZha 2 as examples, including generated video and synced audio.
  + The content itself is currently relatively amateur, certainly by Disney/Pixar standards, but it shows how multi-agent and multi-model generation can start to act as coordinated creators to generate and compose forms of content that typically require multiple people. This starts to leverage using different AI models that are good at different things to collaborate with an AI director and really demonstrate the potential of agentic AI for more complex creations. It’s not hard to imagine a point in the future where this can be used for pre-production game prototyping starting with full game design docs and eventually working from a simple synopsis or example.
* **Unity 2025 Gaming Report** ([Link](https://unity.com/resources/gaming-report)):
  + Unity’s annual 2025 Unity Gaming Report pulls from a Clint survey with 300 respondents (150 based in North America, 60 in EMEA, 60 in APAC, and 30 in South America) and includes a bold claim sure to catch attention. The report suggests 79 percent of developers are feeling "positive" about generative AI tools broken into 31 percent feeling 'extremely positive' and an additional 48 percent feeling 'somewhat positive.'
  + The big question of course will come down to what these developers are positive about using it for. In terms of the responses for what they are already using it for there was an interesting mix of some tasks down from the previous year and some up. The ones that had increased were automated playtesting, in-game text/voice chat moderation, and writing/improving code. The ones down were adaptive difficulty, improving character animations and writing/narrative design.
  + The items that went down may suggest areas where the tools didn’t quite match up yet, especially in improving character animations and writing/narrative design where it’s very likely lackluster results at best. Of course that’s just a snapshot of the current state of usage and even if only to cut costs, developers will absolutely continue exploring the technology wherever willing to.
  + Interestingly when looking at the “Where things are headed” section also had “AI opportunities and challenges” as the 3rd largest at 13% behind “A rise in solo and small dev studios” at 17% and “More adoption of live game model of continuous updates” at a whopping 42%. What’s striking here is how AI applies to both with it being a potential major leverage for small devs and a potentially major boost to live service models once it matures more. As with most tech there’s always a gap between expectation and reality, but it’s rarely uniform and it’s just as likely we see AI be a big game-changer on the back end as on the front end.