

# Disney shuts down video game developer LucasArts, lays off 150 staff

**Kevin Martinez**  
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The Walt Disney Company has announced plans to shut down LucasArts, a video game developer and publisher best known for its games based on the *Star Wars* and *Indiana Jones* franchises. Disney announced the layoffs of 150 staff and the cancellation of all current projects at LucasArts, which had been based in San Francisco.

The news follows the October 2012 acquisition of LucasArts by Disney, as part of the purchase of its parent company, Lucasfilm, for \$4.05 billion. Lucasfilm, originally established by filmmaker George Lucas in 1971, was responsible for the aforementioned popular film series. At the time of the acquisition last year, Disney announced that all employees at LucasArts and its subsidiaries would remain at their jobs and a representative for LucasArts said, “for the time being, all projects are business as usual.”

Last September, however, LucasArts put a freeze on all hiring and product announcements, which many saw as writing on the wall. On Wednesday, Disney stated that LucasArts would cease developing video games and would henceforth serve as a licensor, with video games being developed by a third party such as Disney Interactive Studios.

In a statement, Lucasfilm said, “After evaluating our position in the games market, we’ve decided to shift LucasArts from an internal development to a licensing model, minimizing the company’s risk while achieving a broader portfolio of quality *Star Wars* games. As a result of this change, we’ve had layoffs across the organization. We are incredibly appreciative and proud of the talented teams who have been developing our new titles.”

LucasArts was responsible for making over 150 games, including many critically acclaimed graphic adventure games, but in recent years the company

relied more and more on the *Star Wars* association, resulting in games that were widely panned by video game fans as being exploitative and boring.

Undoubtedly, profits (or the lack of them) are to blame for LucasArts’ demise, as Disney has announced plans to produce three sequels to the *Star Wars* franchise following its acquisition of Lucasfilm. The upcoming deluge of movie merchandise and video game “tie-ins” is what Disney is really aiming to sell, not original entertainment.

Disney, one of the handful of conglomerates that dominates the global entertainment business (with revenue in 2012 of \$42.78 billion), has already indicated that it wants more so-called “browser” and “tablet” games for smart phones, which are cheaper to make and sell more widely, compared to traditional video games played on a television or computer. This is the real meaning behind “minimizing the company’s risk while achieving a broader portfolio.”

One insightful commentator on a video game web site noted, “As to why LucasArts got shut down ... if I had to guess I’d say that the contracts for the staff were too generous, or not in-fitting with the kind of low cost high reward game production they want to aim at.”

“Basically, LucasArts was filled with overqualified people who demand higher wages, so it’s cheaper to fire them and hire some graduates who will work for a starting salary. After all with tablet and browser gaming it’s not like the programmers have to tackle a huge amount of complexity when compared to a fully 3D game.”

According to *Variety*, the closing down of LucasArts Games has also had the ripple effect of causing job cuts within Lucasfilm, at famed Industrial Light & Magic.

“The company would not disclose the number of staffers who are being let go,” notes the trade

publication, “but the group includes IT staffers and support staff.”



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