Epic has a plan for the rest of the decade

Just over a year ago, Epic Games laid off around 16 percent of its employees. The problem, Epic said, was its own big ideas for the future and just how expensive they were to build. “For a while now, we’ve been spending way more money than we earn,” Epic CEO Tim Sweeney wrote in an email to staff.

On Tuesday, onstage at the Unreal Fest conference in Seattle, Sweeney declared that the company is now “financially sound.” The announcement kicked off a packed two-hour keynote with updates on Unreal Engine, the Unreal Editor for *Fortnite*, the Epic Games Store, and more.

In an interview with *The Verge*, Sweeney says that reining in Epic’s spending was part of what brought the company to this point. “Last year, before Unreal Fest, we were spending about a billion dollars a year more than we were making,” Sweeney says. “Now, we’re spending a bit more than we’re making.”

“The real power will come when we bring these two worlds together”

Sweeney says the company is well set up for the future, too, and that it has the ability to make the types of long-term bets he spent the conference describing. “We have a very, very long runway comparing our savings in the bank to our expenditure,” Sweeney says. “We have a very robust amount of funding relative to pretty much any company in the industry and are making forward investments really judiciously that we could throttle up or down as our fortunes change. We feel we’re in a perfect position to execute for the rest of this decade and achieve all of our plans at our size.”

Epic has ambitious plans. Right now, Epic offers both Unreal Engine, its high-end game development tools, and Unreal Editor for *Fortnite*, which is designed to be simpler to use. What it's building toward is a new version of Unreal Engine that can tie them together.

"The real power will come when we bring these two worlds together so we have the entire power of our high-end game engine merged with the ease of use that we put together in [Unreal Editor for *Fortnite*]," Sweeney says. "That's going to take several years. And when that process is complete, that will be Unreal Engine 6."

Unreal Engine 6 is meant to let developers "build an app once and then deploy it as a standalone game for any platform," Sweeney says. Developers will be able to deploy the work that they do into *Fortnite* or other games that "choose to use this technology base," which would allow for interoperable content.

The upcoming "persistent universe" Epic is building with Disney is an example of the vision. "We announced that we're working with Disney to build a Disney ecosystem that's theirs, but it fully interoperates with the *Fortnite* ecosystem," Sweeney says. "And what we're talking about with Unreal Engine 6 is the technology base that's going to make that possible for everybody. Triple-A game developers to indie game developers to *Fortnite* creators achieving that same sort of thing."

If you read my colleague Andrew Webster's interview with Sweeney from March 2023, the idea of interoperability to make the metaverse work will seem familiar. At Unreal Fest this week, I got a better picture of how the mechanics of that might work with things like Unreal Engine 6 and the company's soon-to-open Fab marketplace to shop for digital assets.

Fab will be able to host assets that can work in *Minecraft* or *Roblox*, Sweeney says. But the bigger goal is to let Fab

creators offer “one logical asset that has different file formats that work in different contexts.” He gave an example of how a user might buy a forest mesh set that has different content optimized for Unreal Engine, Unity, *Roblox*, and *Minecraft*. “Having seamless movement of content from place to place is going to be one of the critical things that makes the metaverse work without duplication.”

But for an interoperable metaverse to really be possible, companies like Epic, Roblox, and Microsoft will need to find ways for players to move between those worlds instead of keeping them siloed — and for the most part, that isn’t on the horizon.

Sweeney says Epic hasn’t had “those sorts of discussions” with anyone but Disney yet. “But we will, over time,” he says. He described an ideal where companies, working as peers, would use revenue sharing as a way to create incentives for item shops that people want to buy digital goods from and “sources of engagement” (like *Fortnite* experiences) that people want to spend time in.

“The whole thesis here is that players are gravitating towards games which they can play together with all their friends, and players are spending more on digital items in games that they trust they’re going to play for a long time,” Sweeney says. “If you’re just dabbling in a game, why would you spend money to buy an item that you’re never going to use again? If we have an interoperable economy, then that will increase player trust that today’s spending on buying digital goods results in things that they’re going to own for a long period of time, and it will work in all the places they go.”

“People are not dogmatic about where they play”

“There’s no reason why we couldn’t have a federated way to flow between *Roblox*, *Minecraft*, and *Fortnite*,” Epic EVP Saxs Persson says. “From our perspective, that would be amazing,

because it keeps people together and lets the best ecosystem win.” Epic sees in its surveys that “people are not dogmatic about where they play,” Persson says.

Of course, there’s plenty of opportunity for Epic, which already makes a widely played game and a widely used game engine and is building *Fortnite* into a game-making tool. (And I haven’t even mentioned how Unreal Engine is increasingly used in filmmaking and other industries.) The end state sounds great for Epic, but Epic also has to make the math make sense for everyone else.

And it has to do that *without* much of a presence on mobile. The company has spent years in legal battles with Apple and Google over their mobile app store practices, and it just sued Samsung, too. The Epic Games Store recently launched on Android globally and on iOS in the EU, but thanks to restrictions on third-party app stores, the company’s game store boss, Steve Allison, tells *The Verge* that reaching its end-of-year install goal is “likely impossible.” Any major change could take quite a while, according to Sweeney. “It will be a long battle, and it will likely result in a long series of battles, each of which moves a set of freedoms forward, rather than having a single worldwide moment of victory,” Sweeney says.

There’s one other battle Epic is fighting: *Fortnite* is still hugely popular, but there is waning interest — or hype, at least — in the metaverse. Sweeney and Persson, however, don’t exactly agree about the term seemingly falling out of popularity.

“It’s like there’s metaverse weather,” Sweeney says. “Some days it’s good, some days it’s bad. Depends on who’s doing the talking about it.”

https://www.theverge.com/2024/10/5/24262376/epic-unreal-engine-6-fortnite-metaverse-plans