Microsoft says it needs games like Hi-Fi Rush the day after killing its studio

Today, one day after Microsoft announced that it would shut down four of its games studios, Matt Booty, head of Xbox Game Studios, held a town hall to discuss the division's future goals. "We need smaller games that give us prestige and awards," Booty told employees, according to internal remarks shared with *The Verge.*

For some listeners on the call, it was a surprising goal: Microsoft had just shut down the Japanese developer Tango Gameworks, which was coming off the small, prestigious hit title *Hi-Fi Rush*.

Hi-Fi Rush, which was a surprise release last year, was praised for its innovation and charm. The rhythm action game featured music by The Black Keys and Nine Inch Nails, with an art style that evoked the hyper-stylized games of the PS2 era. Just four months after its release, *Hi-Fi Rush* hit 3 million players. During the 2023–2024 awards season, the game went on to win a Game Award, a Game Developers Choice award, and a BAFTA.

While Microsoft hasn't shared sales data, it was apparently happy with the game. When rumors swirled that it wasn't doing well commercially, Aaron Greenberg, vice president of Xbox games marketing, wrote on X that *Hi-Fi Rush* "was a break out hit for us and our players in all key measurements and expectations."

By all accounts, including Microsoft's own, Tango Gameworks

made a hit and something wholly unlike anything it's made before. Before *Hi-Fi Rush*, Tango Gameworks was known exclusively for its survival horror games, including *The Evil Within* series and *Ghostwire: Tokyo.* In an interview with *Kinda Funny Games*, Xbox head Phil Spencer spoke about how important it was for Xbox to allow studios to make games outside their comfort zones.

"I want to give the teams the creative platform to go and push their ability, push their aspirations," Spencer said.

Hi-Fi Rush also represented Microsoft's commitment to bringing Japanese exclusives to the console. In an interview with *Game Watch*, a Japanese video game media outlet, Spencer praised *Hi-Fi Rush* for its "high quality" and said that players could "expect" to see more AAA titles from Japan, evoking the days when *Lost Odyssey* and *Blue Dragon* were both exclusives on the Xbox 360. "While there are titles we can't announce yet," Spencer said in the September 2023 interview, translated by *VGC*, "we are currently developing new games in collaboration with Japanese companies." It's worth wondering if that's still the plan now that Tango is shut down.

Right now, small single-player games like *Hi-Fi Rush* are having a huge moment. *Balatro*, a poker roguelike made by a single developer, sold over 1 million copies in its first month. *Manor Lords*, another solo-dev project in early access on Steam, has also sold over 1 million copies. *Hades 2* just released in early access and doubled its predecessor's all-time peak player count on Steam in a single day. Even the original *Hades* is climbing back up the Steam charts, breaking its all-time peak player count record just today almost four years after its initial release.

While we don't know exactly what sales goals Microsoft had for *Hi-Fi Rush*, clearly there is a demonstrated appetite for this kind of game, with Tango Gameworks positioned perfectly to deliver it. In fact, according to a report from *Bloomberg*,

Tango Gameworks was in the process of pitching a sequel to *Hi-Fi Rush* before it got shut down.

With *Hi-Fi Rush*, Tango Gameworks gave Microsoft just what Booty says he wants: a small, creatively unique, highly praised, award-winning game. Booty’s comments, then, suggest that Xbox’s leaders couldn’t recognize what they had on their hands — or simply didn’t know how to take advantage of the success they were seeking out.

We reached out to Microsoft for comment.

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