Pokémon GO: Lessons from John Hanke and Niantic Labs

by Katherine Lee

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An Overnight Success 20 Years in the Making

Since the official release on July 6th, CEO John Hanke has only made it to Level 5 in his wildly popular mobile game, Pokémon GO. In a recent interview with Forbes, he noted that he hasn't had much time to play, because things had been busy at Niantic Labs – the

gaming company he founded in 2010. "Busy" might be an understatement: while Hanke hasn't been playing much, the rest of the world certainly has.

Pokémon GO is among the most rapidly adopted mobile applications ever released, setting a record on Apple's app store for most downloads in a single week and quickly matching Twitter in daily active users – more than 25 million. The game generated $200 million dollars in its first month online, and many estimates suggest that it could generate at least $1 billion within its first year. But what might look like an overnight success is actually, as is often the case, the result of decades of hard work.

Niantic Labs

Just a couple years ago, the future of Niantic Labs was uncertain. An internal division at Google, the San Francisco-based company became independent during the Google / Alphabet restructuring in 2015.

Niantic Labs is situated at the intersection of the augmented reality (AR), geo-location, and gaming industries. For years, Hanke had envisioned a different type of gaming experience, one that could compel players to interact in new and meaningful ways with the world around them. In an interview with Business Insider's Matt Weinberger, Hanke outlined the three main goals he had for Pokémon GO in its development stages: to promote exercise, to allow people to see the world with new eyes, and to help break the ice.

Many lessons can be taken from the record-breaking success of Pokémon GO. What key factors enabled its creation? Was it the influence of Silicon Valley? Hanke's academic background? His childhood love of videogames? UC Berkeley Professor Jerome Engel, one of Hanke's former instructors, suggests that the answer might lie in the Niantic founder's strong vision and spirit of entrepreneurship. The history of John Hanke's entrepreneurial career is the subject of Engel's latest case study: "**Google and Niantic Labs: The Entrepreneur and Innovation in Silicon Valley**."

Origins

After a short career with the State Department, Hanke pursued a MBA at UC Berkeley's Haas School of Business. With an interest in entrepreneurship and admiration for companies like Apple and Atari, Hanke and a classmate founded his first start-up, Archetype Interactive, in the basement of a nearby hotel. While still completing his MBA, Hanke capitalized on the feverish dotcom boom and sold Archetype on the day of his graduation in 1996. With capital and experience under his belt, Hanke was ready for his next big project. Recognizing another upcoming trend, he went to Silicon Valley to pitch an idea based around satellite imagery. Geographic information systems were starting to take form in the 1990s, and Hanke saw geo-location as an essential aspect for future video games. Hanke became the CEO of a new company, Keyhole, galvanizing investors and raising enough money to create the infrastructure to make a comprehensive 3D map of the earth. Keyhole entered mainstream awareness in 2003, as major news outlets started using the service to help viewers visualize various geographic regions during the Iraq War.

This was when Hanke was approached by Google, a growing company that had not yet had its IPO. Google acquired Keyhole in 2004. With the larger company's resources, Hanke relied on his experience to lead the development of Google Maps. Since its creation in 2005, Google Maps has mapped over 28 million miles of road spanning 194 countries, becoming an indispensable resource for many around the world.

Gaming in the Real World

In 2010, Hanke founded Niantic Labs as an experimental gaming division within Google. Ingress, their first major success, was released in 2012. The application integrated geo-location and gaming, essentially creating a world-wide game of capture the flag.

In the midst of increasing interest in augmented and virtual reality, Hanke saw the opportunity to build on the success of Ingress by partnering with the beloved franchise, Pokémon. Inspired by a 2014 April Fool's joke that placed collectible Pokémon within Google Maps, Hanke approached Nintendo and the Pokémon Company later that year. Tsunekazu Ishihara, CEO of The Pokémon Company, was already familiar with Hanke's work on Ingress, and he quickly gave his approval. Much of the technology underlying Ingress was reconfigured in preparation for the release of Pokémon Go, and the three

companies – Niantic, Nintendo, and The Pokémon Company – made a revenue sharing agreement. Niantic spent the following year developing the game ahead of its 2016 launch date.

Pokémon GO represents a breakthrough for geo-location and augmented reality, and it would appear that Hanke was able to achieve his three primary goals laid out beforehand. One of the game's features allows players can "hatch" mystery Pokémon by walking certain distances, encouraging people to get out and exercise. The application also points out local landmarks, by labeling them as "Pokéstops," inviting users to explore their cities with greater interest. Additionally, the application's augmented reality feature allows players to fulfill their childhood dreams of seeing a Pikachu in their own living room – the game provides a window to new world, where reality and fantasy collide. Finally, there is Hanke's last goal of "breaking the ice." Because the game requires players to compete at real-world locations, I often see students and other young people clustered in areas nearby gyms and lures while walking around downtown Berkeley. And for users who grew up with Nintendo's first Pokémon game, Pokémon GO is a creative revival of a shared personal gaming history.

> *"On Saturday night, my girlfriend and I snuck away from the cocktail reception at a charity dinner because "Pokémon Go" informed us there might be a Pikachu nearby, and we were on the hunt. This is not the normal way people play video games together. Then again, "Pokémon Go" isn't exactly a normal video game." –Matt Weinberger, Business Insider*

Going Forward

In July 2016, the same month that Pokémon GO was released in the United States, the Berkeley Center for Executive Education held its semiannual workshop. On the third day, students and other participants walked in to Professor Jerome Engel's discussion, with a focus on "The Innovative Organization," which put a spotlight on his recent case study. As the presentation continued, Professor Engel asked attendees to pretend they were John

Hanke in 2015, when Niantic was considering separating from Google – should Niantic stay, or should they leave? A voice arose in the back of the room from a casually dressed, middle-aged man. "Go," said Hanke in a simple reply.

While Hanke's presence in Engel's classroom may have been a surprise, the success of Niantic Labs was almost inevitable. Professor Engel conducted a full interview with Hanke, **which is now available online**.

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