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# To Infinity and Beyond: Pixar's Journey to Reinvent Animation

In 1923, a budding entrepreneur named Walt Disney left Kansas for Hollywood to create animated movies. Walt had worked as an advertising cartoonist but had little knowledge of the world of filmmaking. With the help of his brother Roy, he produced his first short animations via commissions from New York, but it was not a particularly lucrative business.[1]

The Disney brothers eventually made a deal with Universal Studios to produce an animated series with a new cartoon character named Oswald the Lucky Rabbit. The deal was a relatively small sideline for Universal, but it was a big break for the aspiring duo and their little team of animators. Walt was particularly excited to work on the Oswald cartoons—of the two brothers, he generally focused on creative elements while Roy focused on financial matters. When Walt and his chief animator presented their first short film to Universal, however, the studio sent them back to the drawing board. Undeterred, Walt reworked the character and in September 1927, Universal released the first Oswald short film. After that, Walt produced a fresh Oswald the Lucky Rabbit short every other week for distribution by Universal.[2]


Despite the consistent work, the Disney brothers repeatedly clashed with Universal, who eventually forced them out. However, Oswald had to stay behind. The brothers had sold Oswald's copyrights to Universal, so they could not feature him in their future work. Walt never forgot losing control of Oswald, so when he started his next animation project, he secured all copyrights for his new main character: a charismatic mouse with large, distinctive ears who looked strikingly similar to Oswald. That mouse, of course, was Mickey Mouse, who made his first on screen appearance in November 1928.[3] [4] With Mickey and other popular characters, the Disney brothers found quick success on their own. Beginning in 1932, Walt won the Academy Award for Best Animated Short film for eight years in a row.[5]

Still, critical accolades did not translate into substantial profits. The brothers' growing animation company, today called the Walt Disney Company, needed to increase revenue. After seeing his short films played in succession in a French movie theatre for the price of a full ticket, Walt realized there was potential for a fully-animated feature-length film, so in 1934, he launched an ambitious project to make his first animated feature.[6] It took years of work and significant financing during the Great Depression, but in 1937, Walt released *Snow White and the Seven Dwarfs*. The premier was a sensation.[7] *Snow White* was a huge critical and financial success, becoming the highest grossing film ever at the time.[8] At the 1939 Academy Awards, a young Shirley Temple presented Walt an Oscar for "pioneer(ing) a great new entertainment field for the motion picture cartoon." To the audience's delight, Walt received a normal sized Oscar accompanied by seven miniature Oscar statues, representing the Seven Dwarfs, on a stepped platform.[9]

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*Snow White* earned so much money for the Walt Disney Company that it built an entire new production studio in Burbank, California, now called Walt Disney Animation Studios, or simply "Disney Animation."[10] Disney Animation would go on to produce some of the most iconic and successful animated movies of the twentieth century, including *Fantasia, Dumbo, Bambi, Cinderella*, *Alice in Wonderland*, and *Peter Pan*. Disney Animation's films became cultural touchstones, while their characters—who never aged and always remained the intellectual property of the Walt Disney Company—seemed to spin money for Walt, Roy, and their investors. In the late 1980s and early 1990s, mega-hits like *The Little Mermaid*, *Beauty & the Beast*, *Aladdin*, and *The Lion King* not only cemented Disney Animation's reputation as the world's greatest animation studio, but undergirded what had become the Walt Disney Company's sprawling business empire of films, television, music, theme parks, hotels, cruises, and merchandise. If the Walt Disney Company was one of the last century's most important entertainment corporations, Disney Animation was its beating heart.

However, in the mid-1990s, Disney Animation's run of success was about to hit a brick wall. Soon, an upstart company called Pixar would completely reinvent animated filmmaking, while Disney's Burbank studio would struggle to survive in the industry it had pioneered. In many ways, Pixar's rise in the 1990s parallels Disney's emergence in the 1920s and 1930s. This is the story of how Pixar grew to beat Disney Animation at its own game, and then save the once-vaunted studio from the brink of irrelevance.

**Creating Toy Story**

Pixar began in 1979 as the "Computer Division" of Lucasfilm, Ltd., a production studio headed by *Star Wars* creator George Lucas. A special effects maven who loved employing cutting edge technology in his movies, Lucas hoped to create a system that could digitally animate lifelike film sequences. Lucas hired computer scientist Edwin Catmull to lead the Computer Division, and after a few years, brought in former Disney animator John Lasseter.[11] While at Disney Animation, Lasseter had pitched an idea to create a computer-animated film, but the bosses at Burbank had other priorities.[12] Lasseter soon found himself at odds with Disney's leadership, who fired him. Lucas quickly scooped him up.

Under Catmull's leadership and with Lasseter's talent, the Computer Division made steady technological progress in the early and mid-1980s. The team managed to produce several short, digitally rendered sequences which broke new ground.[13] But the Computer Division's success took off in 1986 after Steve Jobs, of Apple fame, purchased the division from Lucas and renamed it Pixar. Jobs' initial business plan was not to produce and sell finished animated films, but to develop advanced animation technologies to sell to production studios around the world. Then, it would be up to the studios to use Pixar technology to animate their own films. Still, in order to show clients what Pixar's innovations could accomplish, Jobs needed a sample film to impress potential buyers. He thus commissioned Lasseter to produce a short film to debut at the world's leading computer graphics conference, called SIGGRAPH.

Excited to make a splash at SIGGRAPH, Lasseter insisted the film have an engaging storyline despite being under two minutes long. He proposed a story about two anthropomorphic lamps, inspired by the one that sat on his desk, in which the smaller lamp plays with a beach ball while the bigger lamp watches with surprise and bemusement. The resulting *Luxo Jr.* film astounded the SIGGRAPH crowd. With imagery that looked realistically three-dimensional, the film displayed technological brilliance that no one outside Pixar had seen before. Meanwhile, the audience fell in love with the heart-warming narrative and remarkably cute characters. *Luxo Jr.* received a nomination for Best Animated Short at the Oscars—the first computer-animated film to ever receive such recognition.[14] Just as Walt Disney's Oswald cartoons represented a milestone for hand-drawn animation, *Luxo Jr.* was a landmark event in the history of computer animation.

Alongside *Luxo Jr.*'s success, 1986 saw Pixar make its first big sale when Disney bought its Computer Animation Production System (CAPS). CAPS had an integrated hardware and software package which allowed artists to colour animated frames from scanned hand drawings and then record the frames onto film. Disney artists first used the technology in the final scene of *The Little Mermaid*, released in 1989. They were so impressed by the results that the studio soon switched all its of feature animation work to CAPS.[15] In Disney's 1994 film *The Lion King*, for instance, the filmmakers credited CAPS with allowing them to stage a scene of huge herds of animals stampeding through dust-filtered light. The famous sequence would have been impossible to create with hand-drawn cells.

Despite Disney's success with CAPS, Pixar executives could not find other buyers for their product. Their expensive and highly advanced technology could not compete with cheaper and more broadly appealing products from companies like Adobe.[16] Still, Lasseter and his team of animators at Pixar continued to produce their own successful short films. At the 1988 SIGGRAPH conference, Pixar released *Tin Toy* about toys that come to life, again astounding the assembled crowd. *Tin Toy* improved on *Luxo Jr.*'s "3D" look and became the first computer-animated film to win the Oscar for Best Animated Short.[17] Despite the accolades, however, *Tin Toy* did not help Pixar's finances much—short films had little commercial value. Indeed, Jobs personally funded *Tin Toy*, and continued to pour money into Pixar with no concrete sign of future returns.

Pixar thus found itself at the start of the 1990s in a similar position as Disney in the early 1930s—enjoying critical acclaim but struggling to turn a profit. And just like Disney, Pixar sought to solve its financial troubles by embarking on its biggest and boldest project yet: a fully computer-animated feature film. Catmull, Lasseter, and the growing team at Pixar had dreamed of producing a full-length computer-animated film, but funding remained a problem, so Jobs turned to Disney for financial backing. Disney's own animation department had seen the potential for computer animation given their experience with CAPS, but the company's own computer animation capabilities were far behind Pixar's, and executives were nervous that wide audiences might not respond well to Pixar's new and largely untested 3D look. Disney's ambivalence worked in Pixar's favor—supporting Pixar's filmmaking effort allowed Disney to outsource the new technology's high costs and reputational risks while benefiting from the potential box office rewards.


In 1991, Disney CEO Michael Eisner struck a deal with Jobs for three computer-animated feature films. Disney would cover all production costs and manage the marketing and distribution of the films. In exchange, Disney would receive some 90% of the revenues, have creative control over the films, and own the intellectual rights to Pixar's characters—just as Universal kept the rights to Oswald the Lucky Rabbit.[18] Moreover, the deal stipulated that Pixar could not submit film ideas to any company other than Disney during the length of the contract, even if Disney rejected them first. Pixar's animation division, wholly encompassing the company's key creative and technical talent, would have to work exclusively for Disney until the end of the agreement.[19]

Though the deal heavily skewed in Disney's favor, for Pixar's animators, the high price was worth the chance to prove their dream of making a successful computer-animated feature film. It also meant Pixar's original business model had completely changed. The company was no longer trying to sell animation technology for other studios to use—it was producing and selling its own finished movies. Pixar thus shut down its hardware division and got to work on its first feature film: *Toy Story*. Sticking with a successful premise, *Toy Story* was an expanded and adapted version of the award-winning *Tin Toy*. Lasseter led the Pixar creative team to develop the plot and complete the animation while Jobs, who preferred not to meddle in their creative process, helped manage the relationship with Disney.

Every few weeks, Lasseter and his team would present their latest screen tests and storyboards to the Disney executives. While the technical aspects of the animation always impressed Disney's bosses, the suits often criticized Pixar's proposed storylines. Disney's film division head Jeffrey Katzenberg was particularly nonplussed by Pixar's scripts. After each presentation, Katzenberg would give a long list of storyboard notes for the Pixar team. He emphasised giving the two main characters—a pull-string cowboy named Woody and space astronaut Buzz Lightyear—more "edge" in order to appeal to parents as well as children.[20] Using Katzenberg's recommendations, the Pixar team developed the first half of the movie destined to become *Toy Story* and showed it to Disney in November 1993. That preliminary version included some of the nastiest, most unhappy characters ever shown in a film destined for Disney release. Woody and Buzz were entirely unlovable, and the storyline was tedious. Unhappy with the way things were going, Disney halted the film's production.[21]

Faced with failure, Pixar's team asked for time to rework the project without interference from Katzenberg and other Disney executives. They returned to Pixar headquarters where Lasseter and his team entirely rewrote the *Toy Story* script. Over the next three months, they worked in an open space in Pixar's animation department, which was full of cubicles that each animator could decorate as they wished.[22] The largely communal work environment allowed for frequent and easy collaboration between employees, and the resulting script had a completely different feel from the one developed with the executives' input. When Pixar showed Disney the new script in February 1994, Woody had transformed from a despotic chief to a wise leader, while the audience could feel more sympathy for his likeable co-star Buzz. The new script satisfied Katzenberg, and he allowed production to resume with an aim to release the film in late 1995.[23]

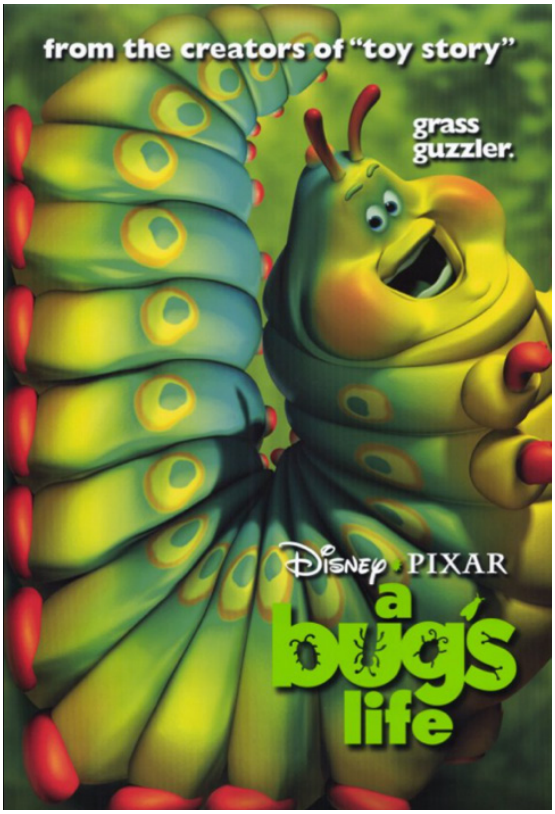
Disney decided the film would have its North American release on the Wednesday before the November holiday of Thanksgiving—an important time for American families to gather. The relatively small Pixar team worked hard to complete the film by deadline, always under the watchful eye of Disney's bosses. The movie got some star power on its side too. Woody would be voiced by Tom Hanks, and Tim Allen—a leading TV actor at the time—would play Buzz. Still, the Pixar team was nervous about how audiences and critics would react not only to their new animation style, but also to the story itself. Unlike Disney's recent films—*Pocahontas*, *The Lion King*, *Aladdin*, *Beauty and the Beast*, and *The Little Mermaid*—*Toy Story* included no princes or princesses. There were no dramatic castles or exotic, faraway worlds either. Instead, *Toy Story* took place in a mundane suburb—hardly the fairy-tale setting audiences expected from Disney. Even Jobs, who hoped to finally make a return on his large investment in Pixar, fretted over the impending public response.

There was another reason for Jobs to be nervous. He desperately wanted to renegotiate Pixar's contract with Disney. The long struggle to complete the film had led Jobs to despise Disney's control over its creative direction. Disney executives insisted on exercising their contractual right to closely supervise seemingly every aspect of the film. Jobs felt Disney's micromanaging hindered Pixar's creative teams, who thrived when they worked independent of outside influences. As *Toy Story*'s production schedule dragged on, Jobs yearned for more creative control for his people—and better financial terms for his company. Disney had no obligation to renegotiate, so Jobs came up with a plan to bring them to the table.

Jobs decided he would take Pixar public one week after *Toy Story*'s release.[24] If the movie was a hit, it could spur a strong initial public offering, which would allow Pixar to raise enough money to no longer rely on Disney to bankroll its films. Then, he would have the leverage to demand better terms. As the release date loomed, Jobs pitched potential investors with a story about his dream to make Pixar a pioneer in a new era of animated entertainment, with triumphant films and beloved characters adored across the globe.[25] It was an enticing pitch which alluded to Walt Disney's sky-high hopes in the 1920s and 1930s. But Jobs' gambit rested on *Toy Story's* box office performance. If the movie flopped, investors would shy away, and Pixar wouldn't have the financial leverage to seek a new contract.

Ultimately, any anxieties about *Toy Story* were unfounded. Disney and Pixar released the film in cinemas on 22 November 1995, and it was a massive success. *Toy Story* had the biggest Thanksgiving debut ever, eventually grossing $360 million worldwide to become the third highest-grossing animated film up to that point behind *Aladdin* and *The Lion King*.[26] The film proved that animated features could entertain both parents and children, and critics loved it too. *Toy Story* earned fantastic reviews both for its story and its 3D animation, with America's leading film critic, Roger Ebert of the *Chicago Sun-Times*, writing that he felt "exhilaration" watching it.[27] *Toy Story* showed that successful animated movies did not need to be fairy-tales, but Pixar certainly had a fairy-tale feature film debut.

With *Toy Story*'s runaway success, Pixar's initial public offering far exceeded expectations, raising $139.7 million off a sale of 20% of the company. Shares opened at $22 and climbed to $39 by the close of the first day of trading—more than double Jobs' target of between twelve and fourteen dollars.[28] The massive IPO was a huge victory for Pixar, beyond what most people imagined possible for a production company with




only one feature film credit to its name.[29] Pixar no longer needed to rely on Disney to finance the production of its next films, so in early 1996, Jobs approached Disney CEO Eisner about renegotiating their contract, and the two parties agreed to start talks in May of that year. Jobs had four main aims: more creative control, better cinema release windows, a true 50/50 share of profits, and equal branding on Pixar films and merchandise.[30] In exchange, Pixar would fund 50% of future films' production costs.

Eisner considered Pixar's requests carefully, knowing he had no obligation to change the contract. Pixar's creative teams had proved with their *Toy Story* rewrite that they could work more independently, and Disney could still retain final say on any film, so Eisner agreed to Jobs' first demand for increased creative control for Pixar. Disney could also afford to give up one favourable release window every couple of years—especially for what were likely to be highly-anticipated 3D-animated films—so he accepted that demand too. Sharing a higher percentage of profits would be a potential loss for Disney, but continuing to fund all production, distribution, and marketing for Pixar's films was costly as well, so Eisner accepted Pixar's offer to split production costs in exchange for more equitable profit-sharing. However, the last demand for equal branding proved a much more difficult issue for Disney, which wanted its name on Pixar's films. With the two sides stuck, talks halted in November 1996.[31]

The threat of another competitor on the computer animation scene eventually forced Eisner to accept Jobs' final demand. In 1994, Eisner's former colleague Katzenberg—who by then had left Disney—teamed up with superstar director Steven Spielberg and famed record producer David Geffen to form a new studio called DreamWorks SKG.[32] With three big names behind it, DreamWorks, as it is now known, had the potential to take the lead in the nascent computer animation space. Eisner knew there were only two films left in Disney's current agreement with Pixar. If Pixar produced even moderate successes, then after its contract with Disney expired, it might join forces with DreamWorks. Disney's much weaker in-house computer animation capabilities would be no match against both Pixar and DreamWorks. Eisner realized he needed to lock in a longer-term deal with Pixar if Disney was to stay competitive.

In February 1997, Pixar and Disney signed a new deal for five more original feature films over ten years, plus sequels if Disney commissioned them. The new contract gave Pixar more creative control, better release windows, and equal share of production costs and profits, with all films and merchandise branded jointly as Disney × Pixar.[33] Jobs had thus achieved all four of his goals. Like Woody and Buzz, Pixar fought a giant and emerged victorious.

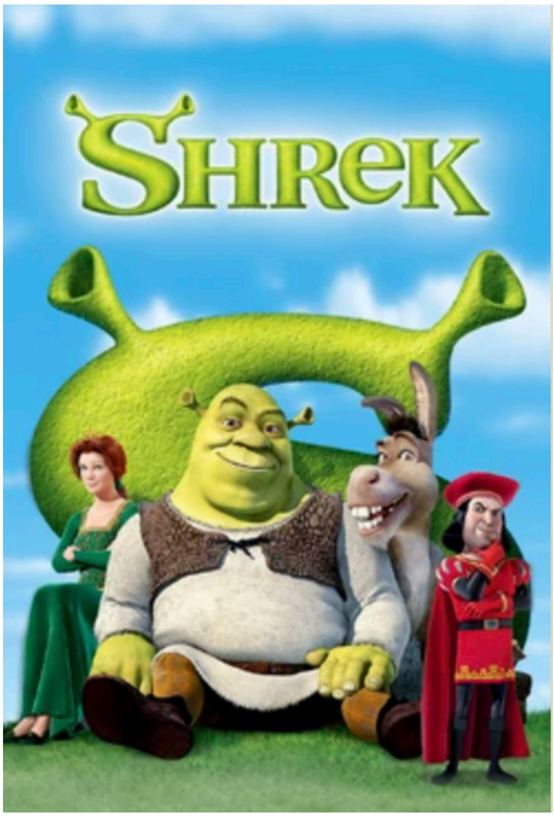
**Pixar Thrives while Disney Struggles**

The first film to be released under the new contract was Pixar's second original feature, *A Bug's Life*, about a group of insects who come to the rescue of a threatened ant colony, scheduled for release in November 1998. The film included numerous technical innovations to depict large swarms of lifelike ants, and expectations were high for Pixar's sophomore effort. But this time, the company faced competition from DreamWorks, which was preparing to release its own debut computer-animated feature. Katzenberg wanted to one-up his former employer, so he moved the release date of the DreamWorks film from March 1999 to October 1998—six weeks before *A Bug's Life* was set to open.[34] Further, the DreamWorks film, titled *Antz*, similarly followed a group of insects facing destruction. The Pixar team felt devastated—how could a new studio come up with the same idea, and then move their release date to scoop them at the box office? The answer lay with Katzenberg. While still at Disney, Lasseter had told him about his idea for *A Bugs Life*, which Katzenberg then turned into *Antz* for DreamWorks.[35]

Despite the intense competition, Pixar released *A Bug's Life* as planned in November 1998. While it did not achieve *Toy Story*'s dizzying success, the film was by no means a flop and received good reviews from critics and audiences alike. The quirky and upbeat *A Bug's Life* also eclipsed the moodier, Woody Allen-voiced *Antz*, taking $363 million worldwide while DreamWorks' film only managed $172 million.[36] Pixar had established itself as more than a one hit wonder.

After *A Bug's Life*, Disney wanted to further capitalise on Pixar's original hit *Toy Story* and commissioned a sequel, *Toy Story 2*. The sequel would fall under the new contract, though it would not count as one of the five planned-for films.[37] Other companies were also keen to take advantage of the *Toy Story* franchise. Having declined to license Barbie for the original film, toy-maker Mattel allowed its signature doll to appear in the second film.[38] Disney initially drafted *Toy Story 2* as a direct-to-video sequel, as the format had been successful off the back of hits like *Aladdin*. Direct-to-video sequels were easy money-makers as they were inexpensive to produce and market but popular with families—parents could keep children entertained for hours with characters they already knew and loved. However, Pixar's initial story reels for *Toy Story 2* impressed Disney executives so much that they agreed to a theatrical release. But it wasn't just the quality of the reels. The costs of both the creative talent and the technical innovations were too high to rely on video sales alone.[39]

*Toy Story 2* premiered in North America in late 1999 to outstanding reviews. Sprightly new characters and emotional depth not often seen in children's films invigorated the franchise. In a deviation from the norm, many viewers actually preferred the sequel to the original, with one critic calling it "a richer, more satisfying film in every respect."[40] The introduction of female co-lead Jessie attracted an even broader audience than the first instalment, and the film grossed $485 million worldwide.[41]




With three successful feature films completed, Jobs decided it was time for Pixar to have its own purpose-built headquarters. Edwin Catmull, head of Pixar's technical operations who led Lucasfilm's original Computer Division, noted that Jobs "had this firm belief that the right kind of building can do great things for a culture."[42] Jobs and his architects wanted the building to both echo and support Pixar's existing work culture. In particular, Pixar's collaborative office environment helped manage tensions between creative, technical, and commercial teams while simultaneously encouraging specialists to push the boundaries of their fields. They thus designed the headquarters to have a large central atrium to promote unplanned interaction between colleagues, which Jobs thought would spur creativity and generate new ideas.[43]

In the new millennium, Pixar's executives expected competition to intensify as more studios developed computer animation capabilities.[44] DreamWorks remained their main rival, showcasing impressive technical skills in *Antz* and the 2001 hit *Shrek*, which opened in theaters and on DVD and video on the same weekend.[45] *Shrek*—about an ogre who falls in love with a princess—became the second highest grossing animated film ever at the North American box office, only behind *The Lion King*.[46] However, worldwide it fell behind Pixar's 2001 product, *Monsters Inc.*, whose tale of bedtime beasts who learn to make children laugh instead of scream earned $525 million—outpacing *Shrek*'s $488 million.[47] [48]

With sky-high revenues for both studios, Pixar and DreamWorks vied for supremacy at the Academy Awards. In 2001, the Oscars introduced a new category, Best Animated Feature, significantly upping the stakes for the animation industry. That year, there were three nominees: Nickelodeon's *Jimmy Neutron: Boy Genius*, Pixar's *Monsters Inc.,* and DreamWorks' *Shrek. Shrek* won the Oscar, but perhaps as big a story was the fact that the Academy did not nominate Disney's two in-house productions—*Atlantis: The Lost Empire* and *Recess: School's Out*.[49] Thus, the inaugural award for Best Animated Feature did not even recognize Disney Animation, the studio which literally invented animated feature films. It was a remarkable display of how much the industry had changed in the six short years since *Toy Story*.

With Pixar and DreamWorks leading the pack, there was a feeling in Burbank that Disney Animation's magic was fading. Even as the Walt Disney Company reaped the benefits of its partnership with Pixar, Disney Animation struggled to compete in the brave new world of 3D computer animation. Disney Animation's first foray into the style—*Dinosaur* in 2000—was moderately successful at the box office but had high production costs.[50] The studio's next three films went back to classic 2D styles, but *The Emperor's New Groove* and *Lilo & Stitch* had only modest earnings, while *Treasure Planet* lost millions of dollars.[51] Disney started cutting back on its animation departments, and for the first time in its history, Burbank faced competition to attract top industry talent.


At the same time, the relationship between Jobs and Eisner had broken down. The five-film contract between Disney and Pixar was near completion, and Jobs made clear to the Disney board that he would not renew any deal if Eisner remained CEO. For his part, Eisner was not eager to renew the partnership.[52] The CEO was convinced that Pixar's success would run out, and predicted that after four hits in a row, the studio's next film, *Finding Nemo*, would be a flop.[53] He could not have been more wrong. *Finding Nemo* premiered in North America in May 2003, with global releases in the fall, and grossed over $900 million worldwide.[54] It would become the biggest film yet in the Pixar-Disney partnership, pushing *The Lion King* off the top spot as the most profitable animated movie ever. *Finding Nemo* also became the bestselling DVD ever across all genres, a title it held until 2010.[55] To cap it off, *Finding Nemo* won the Academy Award for Best Animated Feature, beating Disney Animation's *Brother Bear*.[56]

Influential individuals at Disney became increasingly frustrated with Eisner as CEO. After overseeing a string of hit animated films from the late 1980s to the mid-1990s, Eisner had shifted his focus toward diversifying Disney's portfolio through expensive acquisitions like the purchase of TV network ABC. But the changing priorities resulted in an apparent neglect of Disney Animation—once the company's flagship department. Dissenters within Disney wanted to repair the relationship with Pixar and rejuvenate Disney Animation, which by then had been gutted by cuts.

Most vocal in the anti-Eisner camp were Walt Disney's nephew Roy and his fellow board member Stanley Gold. In November 2003, Roy resigned from the board with a scathing open letter, and Gold followed suit the next day.[57] They then launched the 'Save Disney' campaign to oust Eisner.[58] Roy insisted that unless Disney Animation thrived at the forefront of the animation industry, the Walt Disney Company as a whole would lose both its creative soul and financial success.[59] Roy and Gold garnered support from investors and other board members, and in March 2004, 43% of shareholders rejected Eisner's re-election as CEO.[60] Unable to lead the company amid the revolt, Eisner announced his resignation effective late 2005.

**Saving Disney**

The board appointed Bob Iger as Eisner's replacement, and he became Disney's CEO in October 2005.[61] In the month prior, Disney opened a new theme park in Asia called Hong Kong Disneyland. Iger was in attendance and noticed the opening parade featured few Disney Animation characters from the past decade.[62] Instead, most of the new characters in the parade were from Disney-Pixar collaborations like *Toy Story*, *Monsters Inc.*, *Finding Nemo* and *The Incredibles*. After the trip, Iger addressed his first board meeting as CEO, where he revealed that the malaise in Burbank was not merely anecdotal—Disney Animation's past 12 films had lost $400 million total.[63] Likewise, profits at merchandise stores, hotels, and theme parks all flagged.[64] He also shared market research showing that mothers with children under 12 years old—the company's key demographic—regarded Pixar more highly than Disney.[65] The message was clear: Disney Animation was foundational to the company's success but was badly underperforming.

Iger offered Disney's board three ways to turn Disney Animation around. Option one was to stay the course. Burbank's current management could remain and try to implement strategies to improve Disney Animation's output, as they'd been trying to do without success since the mid-1990s. Option two would be to find and hire new talent, but most of the industry's best and brightest were already happily employed at Pixar and DreamWorks. A third option would be for the Walt Disney Company to buy Pixar outright, thus eliminating a competitor while allowing talent they knew well, in the form of Lasseter and Catmull, to try to revive Disney Animation. The board favored the third option, but there was a key problem: Pixar was not for sale.[66]

Even so, the board gave Iger permission to explore an acquisition deal with Jobs.[67] From the start, Iger indicated to Jobs that Disney was desperate—Pixar was not looking to sign another distribution contract but to discuss a full-scale purchase.[68] His candor did not put Jobs off. Instead, it gave the Pixar boss the upper hand to dictate terms. In particular, Jobs wanted Disney to guarantee that Pixar's culture and operations would not change, and he drew up a list of culturally significant Pixar events, issues, and items which Disney had to promise to preserve.[69] [70] The list included everything from maintaining operations at their current headquarters to retaining their own Pixar email addresses.[71] These stipulations, backed by contract, assured Jobs that Pixar would retain its identity and not be swallowed up by the Disney behemoth. There may have been another reason for Jobs to consider selling Pixar— feature movie production is high risk business involving spending huge sums of money for years to develop films that may not eventually succeed. Pixar had yet to produce a flop, so Jobs had a chance to sell the company at maximum profit before it had any blemishes to its name.

In January 2006, executives announced that The Walt Disney Company had bought Pixar Animation Studios for $7.4 billion.[72] The stock deal essentially brought in Pixar's top talent to run Disney's animated creative output. Jobs became Disney's largest shareholder and joined the company's board, while Catmull became the new head of Disney Animation.[73] Further, Lasseter became Disney Animation's Chief Creative Officer, returning as a kind of prodigal son to help lead the studio that once fired him.[74] Lasseter also retained his position as Pixar's Chief Creative Officer. The new corporate structure meant that just a decade after *Toy Story*'s release, the upstart leadership of Pixar was in charge of reinventing the venerable but outdated Disney.

With the Pixar bigwigs at the helm, Disney Animation finally began a slow turnaround. Iger tasked Catmull with inspiring Burbank's employees and transforming the studio from an executive-led to a filmmaker-led enterprise, and Catmull got to work wielding Disney's considerable resources. One of Catmull and Lasseter's first moves was to make some last-minute changes on Disney's upcoming *Meet the Robinsons* film. Lasseter then became a producer on Disney Animation's computer-animated *Bolt*.[75] *Bolt* did not receive the same rave reviews or box office figures as Pixar's *Up*, which was released the same year, but it did better than other recent Disney Animation films. As Burbank's first fully 3D computer-animated feature, *Bolt* also marked the beginning of a new era for the historic studio.[76] Still, Catmull and Lasseter didn't seek to simply remake Disney Animation in Pixar's 3D image. For instance, the duo revived the studio's classic, hand-drawn animation style for 2009's *The Princess and the Frog*, featuring Disney's first Black princess. The movie performed solidly, though not spectacularly, and earned a Best Animated Feature nomination at the Oscars.[77]

Disney Animation continued to regain its strength in the early 2010s. Computer-animated films *Tangled* and *Wreck-It Ralph* grossed around half a billion dollars each worldwide, with the latter also garnering a Best Animated Feature nomination.[78] [79] But Catmull and Lasseter at last completed Burbank's return to glory with 2013's *Frozen*. Setting a new record for the highest grossing animated film of all time, *Frozen* pulled in $1.28 billion in global box office revenue, and finally earned Disney Animation its first Oscar for Best Animated Feature.[80] [81] *Frozen* was no fluke. Disney Animation won the top animation Oscar again the next year with *Big Hero 6.*[82] Two years after that, the studio produced two more computer-animated hits: *Zootopia*, which won Best Animated Feature and grossed over a billion dollars at the box office, and *Moana* which took in over 600 million dollars.[83] [84] [85] 2019's *Frozen 2* beat its predecessor's record to become the highest-grossing animated film of all time, a title it still holds. In 2022, *Encanto* won Disney Animation's fourth Best Animated Feature award, and for the first time, Disney Animation beat a nominated Pixar film, *Luca*.[86] If Disney's early history inspired Pixar's initial rise, Pixar's successes and fresh ideas brought Disney Animation back to the top of the industry.



Meanwhile, Pixar continued to have success under Disney. The terms as negotiated by Jobs ensured that besides Catmull and Lasseter, Pixar workers were not drafted over to Disney, so Pixar staff saw almost no change in their day-to-day work following the acquisition. Instead, Pixar continued to be Pixar, pushing technological and creative boundaries even while the upper management engineered Disney's revival. Pixar films won Best Animated Feature for four years in a row between 2008 and 2011 with movies as diverse as *Ratatouille*—about a French rat who dreams of being a gourmet chef—and *WALL-E*, which chronicles the adventures of a trash-collecting robot and his cockroach friend.[87] Pixar's 2015 release *Inside Out*, about a child's emotions come to life, and 2017's *Coco*, about a Mexican boy who crosses into the afterlife to chase his musical dreams, both won the Best Animated Feature Oscar and grossed over $800 million each.[88] [89]

Disney's purchase of Pixar also helped boost the two brands. Despite being in its third decade, Pixar still more or less relied on a single-revenue source—selling movies. If its films flopped, so might the company. The Walt Disney Company, of course, had already diversified well beyond filmmaking in the mid-20th century, which helped the corporation survive when its animated movies struggled to succeed. Disney's vast network of properties thus helped Pixar expand into other sectors as well. Indeed, once permanently in Disney's orbit, Pixar's movies provided plenty of fodder for Disney theme park attractions and created endless merchandising opportunities. Perhaps the most emblematic example of the mutually beneficial partnership was when Scottish princess Merida—the main character in Pixar's 2012 film *Brave*—became the eleventh official "Disney Princess," joining a group of iconic female protagonists with merchandise produced under a special label.[90] Merida is the only Disney Princess not featured in a Disney Animation film. After Disney Animation's turnaround, Steve Jobs reflected on the results of the Pixar acquisition. "My goal has always been not only to build great products, but to build great companies," he said. "Walt Disney did that. And the way we did the merger, we kept Pixar as a great company and helped Disney remain one as well."[91] When Jobs died in 2011, most of his $6.7 billion estate was not stock in Apple or Pixar—the two companies he is best known for—but in Disney.[92]

**To Infinity and Beyond**

Still, the rosy picture of unmitigated success obscures troubles at both studios. In 2017, the Harvey Weinstein sexual abuse scandal rocked Hollywood, with Disney property Miramax at the center of the storm. Within months of Weinstein's ouster from Miramax, another scandal hit Disney when it emerged that Lasseter had also been sexually harassing employees for years, and in 2018, Lasseter left both Disney Animation and Pixar.[93] [94] Lasseter's departure also followed various on-screen duds under his watch. In 2015, Disney Animation lost almost 100 million dollars on a failed attempt to make a film based on the "Jack on the Beanstalk" fairy-tale.[95] The same year, Pixar had its first flop with its sixteenth film, *The Good Dinosaur,* which lost millions of dollars.[96] [97] Since then, Pixar has struggled to come up with successful original films, instead falling back on the sequel strategy—releasing cheaper-to-make instalments of tried-and-true franchises from the studio's hit-heavy early years. Thus, Pixar bounced back from *The Good Dinosaur* by releasing *Finding Nemo*'s long-awaited follow up, *Finding Dory*, which grossed over $1 billion worldwide, as well 2018's *The Incredibles 2* which earned $1.2 billion worldwide as Pixar's biggest grossing film ever.[98] [99] All told, more than half of Pixar's feature films to date are part of franchises, and over a third are sequels or spin-offs.

That doesn't mean Pixar only relies on old characters and premises. But the studio has rarely produced an original hit on par with its earlier films. Amid the onset of the coronavirus pandemic and the rise of streaming platforms, Pixar's films have done poorly at the box office, with five in a row struggling to make a dent in ticket sales. Even *Toy Story* spin-off *Lightyear* lost a reported $106 million despite being released well after most of the world had moved on from pandemic-related restrictions.[100] Still, Pixar has managed to achieve critical success with films like 2020's *Soul*, which follows a piano teacher's quest for jazz stardom and won Best Animated Feature. Indeed, despite its mixed record in the late 2010s and early 2020s, Pixar remains the undisputed animation champion at the Oscars, holding a record seventeen nominations and eleven wins for Best Animated Feature as of 2023, almost triple the number of wins by the next best studio—Disney Animation.[101]

But taking the longer view, Pixar is so integral to computer-animated filmmaking that the history of the medium simply cannot be told without it. If Disney Animation forever defines hand-drawn animation, then Pixar is synonymous with captivating, lifelike, 3D-animated films. Business savvy, technological innovation, and collaborative teamwork can only partly explain Pixar's incredible, even improbable, run of success during its first twenty years of feature filmmaking. Instead, there is another more intangible ingredient at play. Just as Walt Disney brought a lucky rabbit to life on the silver screen, Pixar's people have dreamt whole worlds out of desk lamps and children's toys. They have turned rats and robots into lovable heroes, transformed screams into laughter, and found wonder everywhere from the depths of the sea to the bluest of skies. In the end, Pixar's success stems not merely from its technical wizardry, but from its unbounded imagination.

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