INTERVIEWS WITH THE WORLD'S MOST SUCCESSFUL ENTREPRENEURS IN THE VIDEO GAME INDUSTRY

John Smedley
Sony Online Entertainment

Nolan Bushnell
Atari

Trip Hawkins
Electronic Arts

Tim Cain
Troika Games

GAMERS AT WORK

STORIES BEHIND THE GAMES PEOPLE PLAY

Christopher Weaver
Bethesda Softworks

Chris Ulm
Appy Entertainment

Doug and Gary Carlston
Brøderbund Software

Don Daglow
Stormfront Studios

Tony Goodman
Ensemble Studios

Feargus Urquhart
Obsidian Entertainment

Lorne Lanning
Oddworld Inhabitants

Jason Rubin
Naughty Dog

Wild Bill Stealey
MicroProse Software

Tobi Saulnier
1st Playable Productions

Ken Williams
Sierra On-line

Ted Price
Insomniac Games

Warren Spector
Junction Point Studios

MORGAN RAMSAY

FOREWORD BY PETER MOLYNEUX, CREATIVE DIRECTOR, MICROSOFT STUDIOS EUROPE

Gamers at Work

Stories Behind the Games People Play

Morgan Ramsay

Apress®

Gamers at Work: Stories Behind the Games People Play

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For those whose lack of faith
never failed to push me forward.

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Foreword

The worldwide video-game industry is in a state of enormous flux. Vast budget opuses, such as Activision's Call of Duty, sit alongside mobile phone games created by tiny two-man teams. We work in an industry that is more diverse than ever—an industry that is appealing to an ever-broadening and growing mass market. Could we see a day when people interact with computer games as much as they do with television? Could we see a day when the framework of a game helps us cross a cultural divide? These thoughts would have seemed crazy five years ago, but they now appear certain to become realities. Video games are in the most exciting place they have ever been right now.

I have been lucky enough to see this industry go through many, many changes, starting with those early days at Bullfrog Productions, when two of us created a game called Populous on a shoestring, through to setting up Lionhead Studios and selling the company to Microsoft. Along the way, there have been many good times and a few bad ones, too. Therefore, I could really empathize on a personal level with the experiences and stories documented in this book.

As I read this book, I realised that this is the first time that a history of the video-game industry has been told through the personal stories of the entrepreneurs who pushed the business forward. Many of the people featured came from humble beginnings with only passion to drive them. Most experienced highs and lows, while all had their shares of good and bad luck. What incredible journeys we all have had! No mountain is too high to climb. Every challenge can be overcome.

Gamers at Work is a critical resource for new and experienced business leaders—for anyone who feels unprepared for the demanding and seemingly insurmountable trials ahead of them.

—Peter Molyneux
Creative Director
Microsoft Studios Europe

About the Author

Morgan Ramsay is a serial entrepreneur and author whose companies have served the defense and entertainment industries. Currently, he is the founder, president, and chief executive officer at Entertainment Media Council, the first and only association for entrepreneurs, C-level executives, and senior managers in the video-game industry.

For seven years, Ramsay was the founder, president, and chief executive officer at Heretic, where he led initiatives that recognized men and women of the armed forces on behalf of the President of the United States of America, and launched technologies and services for clients ranging from the nonprofit and small business to the Fortune Global 500.

As the author of *Gamers at Work*, Ramsay has interviewed the world's most successful entrepreneurs in the video-game industry, including Atari cofounder Nolan Bushnell, Electronic Arts founder Trip Hawkins, and Sierra On-Line cofounder Ken Williams. *Gamers at Work* was introduced by Lionhead Studios founder Peter Molyneux OBE.

Ramsay serves as a member of the Business Council at the Poway Center for the Performing Arts Foundation, and as a strategy, marketing, and technology advisor to the boards of directors at Coronado Promenade Concerts and San Diego Filmmakers. He has also served as vice chairman at the International Game Developers Association of San Diego.

He holds a bachelor's degree in Communication from University of Phoenix, and also received education in nonprofit management; event planning; advertising, marketing, and merchandising; and retailing from Chapman University, San Diego State University, and Palomar College.

Acknowledgments

I would first like to thank my father, an inveterate and pioneering hardware engineer, for putting up with my enthusiasm for the entertainment software business. Of course, I would like to thank my mother, a former professional athlete and coach, for teaching me the importance of discipline, persistence, and restraint; and my sister for showing me that compassion and idealism are traits one should never lose.

A tip of the hat to the busy entrepreneurs who volunteered their time to this project and shared their wonderful and often humorous stories with me. I was privileged to investigate their ventures, as well as their personal and family lives. I also want to specially thank Peter Molyneux for graciously writing the foreword. In grand tradition, I wish them luck as they boldly continue to break new ground. Without their support and commitment, this anthology would have never been possible.

Thank you, Jeffrey Pepper, for going above and beyond the call of duty; Steve Anglin, for giving a first-timer a chance; Michelle Lowman and Kelly Moritz, and Rita Fernando, for keeping the project on track within its particular constraints; and the entire Apress team for the opportunity to address the challenges of entrepreneurship in this time-honored format.

I would recognize many people for their time, insight, and/or willingness to make introductions: Al Lowe, Alan Wasserman, Andy Schatz, Brenda Brathwaite, Casey Wardynski, Cathy Campos, Cory Ondrejka, David Edery, David Perry, Doug Whatley, Erin Hoffman, Gabe Newell, Genevieve Waldman, Greg Zeschuk, Greta Melinchuk, Guy Kawasaki, Hal Halpin, Ian Bogost, Jane Cavanagh, Jason Della Rocca, Jason Kay, Jeff Braun, Jim Buck, John Romero, Joseph Olin, Justin Berenbaum, Kellee Santiago, Ken Dopher, Kristina Kirk, Mark Friedler, Matt Shores, Megan Tiernan, Mike Capps, Mike Morhaime, Nancy Carlston, Pam Pearlman, Randy Pitchford, Raph Koster, Ray Muzyka, Richard Bartle, Rodolfo Rosini, Sam Ford, Shon Damron, Sue Coldwell, Suzanne Goodman, Tawnya Barrett, and Tim Schafer.

I would also recognize the current and former members of the Board of Directors and Advisory Group at Entertainment Media Council for their support over the years: Adam McClard, Alexander Macris, Alyssa Walles,

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Finally, I thank Laureen Minnich of Southern California Transcription Services for the wonderful work she has done for me; photographer Brandon Colbert for bearing through our session; and Jessica Livingston, for writing *Founders at Work*, which was my inspiration.

Preface

Like many projects, *Gamers at Work* began life as something else. Like many startups, as a first-time author, I made many mistakes. And like most people in business, I had no idea what I was doing, but I lucked out.

When I started the project that became this book, I had founded a trade association, Entertainment Media Council, for business leaders in the video-game industry two years before. We had completed the initial recruiting and planning cycles, and I was anxious to execute our plans.

We needed capital to proceed, but prospective investors, from the world's largest studios to leading universities, wanted to see that our little nonprofit organization had actually done something meaningful.

Entertainment Media Council exists to advance the video-game business by leveraging the collective wisdom and influence of business leaders, in order to address the systemic, market-level, and corporate problems that make video games such a volatile industry in which to do business.

I wanted to get people thinking about solutions, and get them involved with us at any level. Most importantly, I wanted to learn more about the struggles with which startups must contend. So, I had an idea: let's profile the challenges of entrepreneurship by blogging interviews with successful founders that explore major video-game companies at every stage.

Feargus Urquhart, cofounder of Obsidian Entertainment, and Chris Ulm, cofounder of Appy Entertainment, were the first two to sign on. While planning their interviews, I realized that posting interviews with such prominent entrepreneurs on a blog that had zero visibility would not do their stories justice. I would be wasting their time and mine.

On my desk, I saw a copy of *Founders at Work*. I thought, "It's a long shot, but I could write a book. Who's the publisher?" I reached out to Apress, and pitched them on a series of *At Work* books, with my book as the second in the series. They were interested, of course, because they were already

developing a series. *Coders at Work* had been published not more than a year before. Within a few weeks, we had a deal.

In this book, I have interviewed 18 successful entrepreneurs in depth. Some are on their first company, others are on their umpteenth, and some are enjoying the retired life. I have tried to ask questions whose answers I wish I knew when I started my previous two companies. I have also tried to elicit answers that I thought I would want to know when someday I start a video-game company of my own.

Additionally, I wanted to illustrate the history of the video-game industry through the perspectives of the developers and publishers who played a key role in its shape. In these interviews, I aimed at having each founder tell their story from the time before their startup had taken form on the horizon to the end of their journey and the start of their next.

As a serial entrepreneur and former consultant, I believe that I should know which are the best questions to ask other founders. However, as you will discover when you read these 17 chapters, experience does not make one an expert.

Indeed, experience and expertise should not be conflated. Experience merely provides opportunities to learn and practice. Assuming that we have taken advantage of those opportunities, remembering our lessons and how they can be applied across problem domains can remain difficult, especially when we are immersed in the day-to-day.

Trip Hawkins, who I greatly admire as a business leader, spent years and years planning Electronic Arts, eventually working at Apple alongside the late Steve Jobs to learn the ropes. Despite that rigor and care which undoubtedly contributed to his phenomenal success, Trip excitedly spun off 3DO on a relative whim in 1991, and that company declared bankruptcy 12 years later. Meanwhile, Electronic Arts exists today as one of the world's most powerful publishers of video games.

The excitement of the day-to-day can be impairing. We turn to advisors, consultants, and trusted colleagues because they are third-party observers, sufficiently removed from our labors, who can pierce through the noise and clarify problems. Similarly, we look to magazines, books, and other publications for insight that gives us pause, or perhaps a simple diversion, that allows us to think clearly and critically.

I hope *Gamers at Work* gives you such a reprieve. I expect the stories shared within this tome will impart valuable information that you might have never

obtained elsewhere. I hope the storytellers entertain you with their delightful anecdotes as they have entertained me. Finally, I encourage you to use this book as a reference, which you can revisit from time to time when you would like to remember how those who have gone before you confronted the myriad obstacles along the road to success.

—Morgan Ramsay
Founder and President/CEO
Entertainment Media Council

CHAPTER

1

Trip Hawkins

Founder, Electronic Arts



Trip Hawkins *left his position as director of product marketing at Apple Computer to start Electronic Arts (EA) in 1982, which continues to operate today as one of the largest publishers of video games in the world. EA has since produced many foundational games, such as Pinball Construction Set and M.U.L.E., and best-selling franchises, such as The Sims, Rock Band, and Madden NFL. In addition, many early employees are part of the company's evolving legacy, and they are now recognized as leading figures in the video-game industry.*

In 1991, Hawkins pursued a strategy to provide the company with a direct path to the consumer. The initiative was spun off as The 3DO Company, an independent platform manufacturer and later a third-party developer. Although initially well-received, 3DO was unable to secure a foothold in the highly competitive console market and declared bankruptcy by 2003. Not one to be deterred by past failures, Hawkins founded Digital Chocolate later that same year to develop video games for mobile devices. Today, Digital Chocolate is a leader in the mobile-games category, and controls a wide portfolio of social, PC, and console games, including Millionaire City and MMA Pro Fighter.

Ramsay: Take me back to before you started Electronic Arts.

Hawkins: As a child, I discovered that I was creative and loved to play games. My favorite games were board, paper, card, and dice games that tried to simulate something that I was passionate about: Strat-O-Matic Football

and Baseball, Dungeons & Dragons, and Avalon Hill historical war games. I even designed a football simulation of my own using cards, charts, and dice. I noticed that many of my friends thought these games were too much work. In effect, the player had to be the computer. My own game was a minor business failure, but I loved being an entrepreneur. I vowed to do it again, but to be much better prepared the next time.

This was also the golden age of television, so my friends were basically telling me that they'd rather watch television, which was simple and offered high fidelity. In 1971, I heard about computer kits and time sharing, and I decided that the solution was to put the game into the computer, and to have graphics on the screen that looked like a television broadcast. From that moment on, I was very consciously preparing to found EA in 1982.

In 1973, I purposefully spent two years convincing Harvard to let me have my own special field of endeavor called "Strategy and Applied Game Theory," in which I applied computer simulation to relevant social problems, like organizational decision-making and nuclear-war prevention. During the summer of 1975, I got a job at a Santa Monica think tank, Software Development Corporation, that was the computer spin-off of the RAND Corporation. A colleague returned from lunch one day and said he was at a retail store where you could rent KSR-33 teletype terminals for only $10 an hour. I said, "That's great! This is the birth of home computing. I am going to make games that people can play at home on these computers."

My colleague, who had been at Dick Heiser's The Computer Store, which turned out to be the world's first computer retail store, then told me that another company called Intel had introduced the first CPU chip. I spent the next hour trying to plot out how these advances would develop in the home. I concluded that I should let the technology marinate and the hardware base accumulate for a few years, and that in 1982, I should found my game software company. And that is exactly what I did.

Ramsay: What did you do until then?

Hawkins: I finished school and met another objective by working at Apple from 1978 to 1982. My goal was to learn about how to build my own company by working for other entrepreneurs, and to simultaneously help build the supply of computers in homes, since they would be my future customers. When I joined Apple, we had only 50 employees.

Between 1971 and 1982, I refined my ideas about how to make EA successful. I eventually had a pretty good trick bag. I'm a good creative guy, but I also believe that "creativity is the rearranging of the old in a new way." I had

seen how valuable it had been at Apple to leverage ideas from the consumer electronics business into our fledgling computer industry.

Ramsay: Can you give me any examples?

Hawkins: One example was the strategic advantage of direct retail sales—not using a distribution middleman. This became a key issue for Apple. I also determined by 1980 that software developers and engineers were like artists, even like divas. My key reference point became Hollywood media, particularly records and books. I studied those industries and found that it had been even more important for them to have direct distribution control and to build strategic value in their sales pipeline.

In addition, I decided to pioneer the idea of bringing the leverage of the recording studio to game development so that developers would have more powerful tools, and so that we could more easily span publication across more computing platforms. I introduced terms like "producer," "director," and "affiliated label" to software engineering for the first time. I even went so far as to mimic the record album in EA's first games, a specific packaging format that was imitated by 22 competitors later in the 1980s. These pillars of strategy were the key founding principles of EA.

Ramsay: When did you start EA? How did you get funding?

Hawkins: I personally founded, funded, and incorporated EA on May 28, 1982. Initially, I worked out of my home and began recruiting artists, channel partners, advisors, and prospective employees. But I began hiring employees in the fall of 1982 and got Don Valentine to let me use an office at his venture firm, which he had offered to me earlier in the year.

I funded the company, including computers, rent, and payroll for the first 12 employees, until December 1982, when I received additional funding from Valentine and other venture capitalists. The first games were published in May 1983, and EA was off and running.

Ramsay: Many entrepreneurs in this business work within founding teams. Did you? Were there any cofounders of EA?

Hawkins: No. A company is either founded by one person, who then hires the early employees, or there is a group of cofounders who work together to found a company on an equal level and who take equal risks. If there is a cofounder, then there cannot be a founder.

Every company must hire employees, but being an early employee does not make you a founder. I have been the founder of three companies, but none of my early employees from 3DO claim to be cofounders. Since I left EA, some individuals have wanted to position themselves as cofounders.