Most are under 30. Some are still in high school. The best are becoming millionaires.

New stars, new firmament

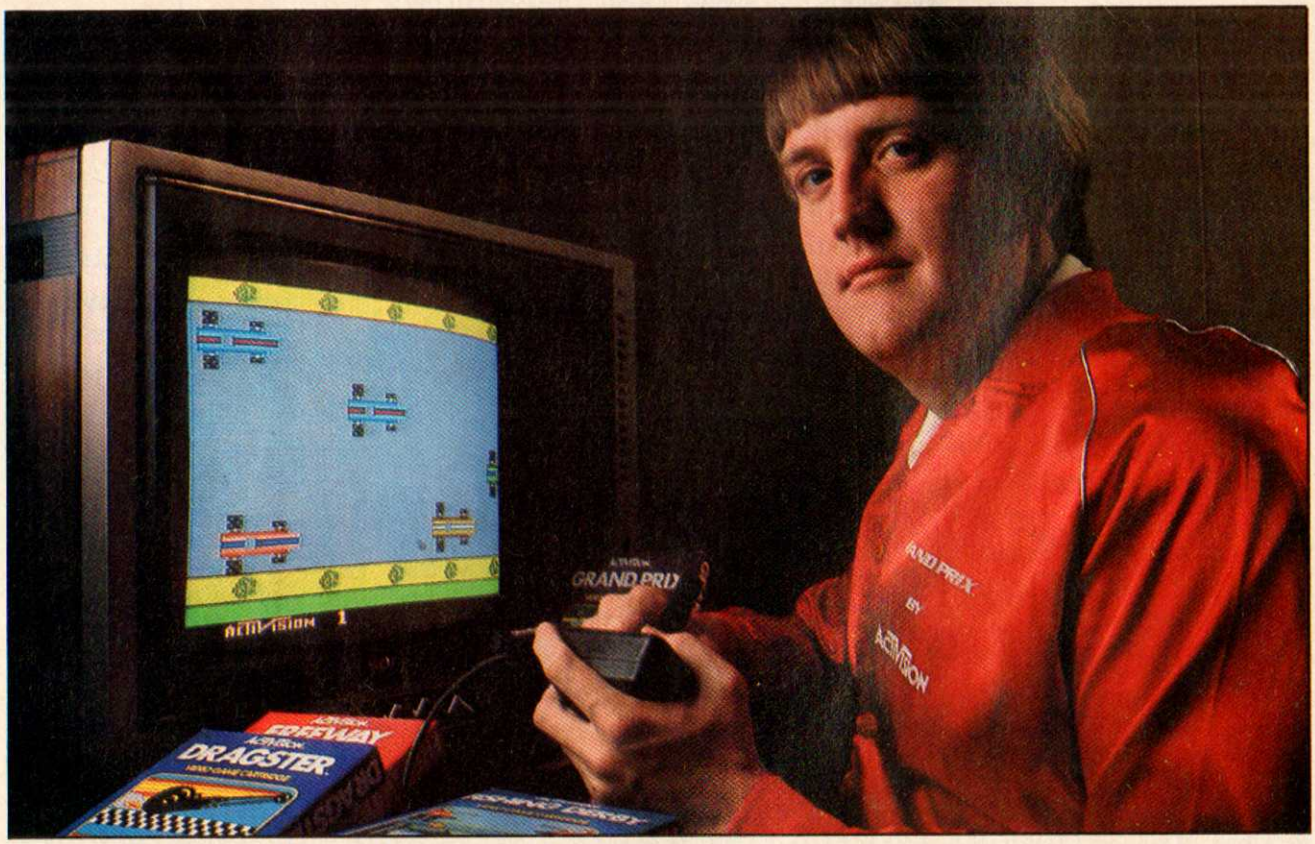
By Kathleen K. Wiegner

A CROWD OF YOUNGSTERS presses around the good-looking young man in a Santa Clara, Calif. restaurant. They are bouncing on the balls of their feet, reaching out for autographs. Billy Joel? Mick Jagger? No. The new superstar is David Crane, 28. His Laser Blast was one of last year's biggest hits, and now the kids are going nuts over a new Crane release, Freeway.

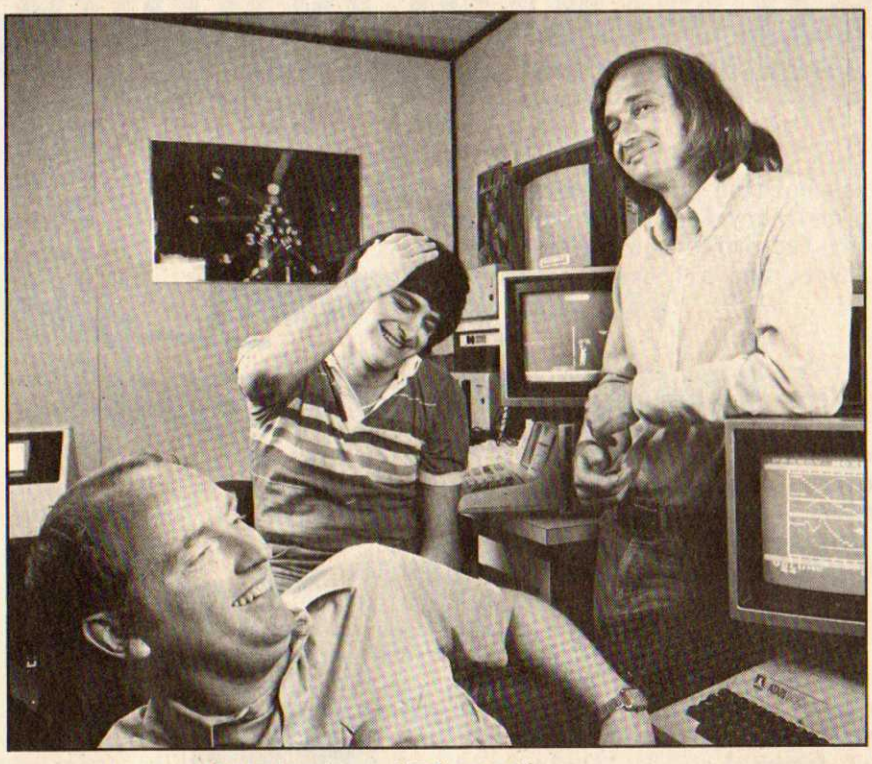
The kids rave, too, over Nasir Gebelli, breathing out his name, Nasir. The 28-year-old Gebelli made $120,000 in royalties from Gorgon, which hit the market a year ago. Then there is John Harris, only 20 years old, whose Mouskattack and Jawbreaker will bring him $300,000 this year.

Don't know the tune, you say? Welcome to the bright new world of the video game stars. Not since the early days of rock 'n' roll, when a kid with a guitar and a couple of songs could walk into a recording studio and walk out a millionaire, has there been such an opportunity for the barely out of adolescence entrepreneur. Home computer games are a $1.2 billion business. Last year 4.5 million home game machines were sold in the U.S., a 125% increase over 1980. About 10% of U.S. households with TV now have a game console, and estimates are that that percentage will be up to nearly 20% by the end of this year. In addition there are the games played on personal computers, a smaller but also growing market. Designing the software discs, cartridges and cassettes is the province of the whiz kids who are software's superstars.

Some, like James Nitchals and Barry Printz, start working on their first million before graduating from high school. Nitchals and Printz, both now 20 years old, are the owners of Cavalier Computer Corp., a Del Mar, Calif.-based company that will do about $240,000 in sales this year. Their business is dreaming up new video games and then programming them for Apple computers. Cavalier's first product was Asteroid Field—which Nitchals wrote on his Apple computer 18 months ago, when he and Printz were at Del Mar's Torrey Pines High School.



Activision's David Crane playing his latest creation, Grand Prix
And for recreation he plays arcade games.



Imagic's Dennis Koble, Rob Fulop and Robert Smith
Like the early days of rock 'n' roll for young entrepreneurs.

About the time Nitchals and Printz were leaving high school, Joel Billings was all set to attend the University of Chicago School of Business. But he was a war game addict and got sidetracked. Billings teamed up with another game addict who was also a computer programmer, and together they created Computer Bismarck. This year Billings, 24, expects his Mountain View, Calif. company, Strategic Simulations, Inc., to pull in about $1 million in sales from war game buffs who want to chase the *Graf Spee* or sink the *Bismarck* on their home computers.

As yet, only Warner Communications' Atari and Mattel are major companies in the video game business. The young game creators either work freelance, incorporate themselves or join a fledgling outfit founded only yesterday by other game creators.

Royalties can run 25% to 35%—$3 to $4.20 for a personal computer game sold at wholesale for $12. A hot game for personal computers can sell 25,000 copies, and some favorites may go as high as 50,000. That's $75,000 to $175,000 to the game designer. The really big hits for game machines may sell 250,000 cartridges, but royalties decline.

Designers who work full time for a software company get a salary and a cut of the profits. That's how Jawbreaker's Harris pulled in his $300,000. He works for On-Line Systems, a tiny Coarsegold, Calif.-based company founded two years ago by Kenneth Williams, a 27-year-old Los Angeles programmer. Williams came home one day from another dull stint at a company doing computerized corporate tax returns to find his wife, Roberta, programming a game on their home computer. It is a measure of the industry's entrepreneurial newness that the Williamses didn't call Apple and say they had a hot product, but decided to market Roberta's game themselves through advertisements in game magazines. The first month Mystery House brought in $11,000, and the Williamses were in business. On-Line projects sales of $10 million this year and just got its first $3 million infusion of venture capital from Boston's TA Associates.

Crane, too, is an entrepreneur. Along with three other game designers, he left Atari in 1979 to found Activision, whose cartridges are all Atari-compatible. Activision, with sales this year estimated at around $65 million, encourages the rock star image. Pictures of its young designers appear inside the cartridge packages, and fan mail runs around 7,000 letters a week. "This could be just like the record business," gushes James Levy, another founder and president of Activision—who, not coincidentally, used to work with a now defunct record company, GRT.

Right now the game designer is in control in a young industry with the software companies subject to a constant shifting of talent. Bill Budge, an industry legend, recently formed his own company, BudgeCo. Nasir Gebelli's games were the making of Sacramento-based Sirius Software, which expects sales of around $10 million this year. But Sirius had to find other stars. Gebelli, an Iranian who came to the U.S. about seven years ago, was studying computer science at California State College at Sacramento when he bought himself an Apple and began to write games—licensing them to Sirius for royalties. But after a string of hits (including his masterpiece, Gorgon), Gebelli set up his own company. In this, its first year, Gebelli Software expects to rack up around $1 million-plus in sales.

Last year a group of defectors from Atari and Mattel started Imagic, which makes games not only for Atari players but also for Mattel's Intellivision. In its first year Imagic expects to have sales of at least $50 million. Its hot designer at the moment is Rob Fulop, 24, who designed Atari's Missile Command and then Imagic's bestselling Demon Attack, which has already sold 250,000 units.

The video game business is still evolving. Many feel the coin-operated arcade games segment is getting saturated, but the home game consoles sector is growing very fast. And the home computer market—which allows more sophisticated games—is only beginning. That capacity for more complex games makes demands upon designers—a typical game currently takes four to eight months to program and package—and upon their companies. Larger, better-financed companies are certain to enter the field. "As soon as the big companies see a million Apples in the home, they will dedicate a substantial part of their talent to the market," says Imagic's President William Grubb.

CBS, General Mills' Parker Brothers and Coleco have announced within the past year that they will get into game designing. Quaker Oats' toy division recently purchased a small company, U.S. Game, as a wedge into the business. The probable fate awaiting most small companies: at best a highly rewarding buyout by a big company, at worst the loss of their best people to big companies' salaries and distribution capabilities.

But the game designers—people like David Crane, Nasir Gebelli, John Harris or that video-zonked kid in your own home or high school—would seem to be winners any way you play it. ■