

Iconic Atari turns 40, tries to stay relevant

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NEW YORK (AP) -- A scruffy, young Steve Jobs worked at Atari before he founded Apple. "Pong," one of the world's first video games, was born there, as was "Centipede," a classic from the era of quarter-guzzling arcade machines. "Call of Duty" creator Activision was started by four of Atari's former game developers.

The iconic video game company turns 40 years old this week, much slimmer these days as it tries to stay relevant in the age of "Angry Birds" and "Words With Friends."

But Atari's influence on today's video games is pervasive.

Although it wasn't the first company to make video games, Atari was the first to make a lasting impression on an entire generation. At arcades - or at video game bars such as Barcade in the trendy Williamsburg section of Brooklyn - nostalgic patrons still gather around such Atari classics as "Asteroids," "Joust" and "Centipede."

The Atari 2600, launched in 1977, was the first video game console in millions of homes, long before the Nintendo Entertainment System (1985), Sony's PlayStation (1994) and Microsoft's Xbox (2001).

Today's younger iPhone gamers might not remember how "Pong," that simple, two-dimensional riff on Ping-Pong, swept across living rooms and arcades in the 1970s. But they might recognize elements of it in easy-to-learn, hard-to-master games based on simple physics - among them, "Angry Birds."

"For tens of millions of Gen X-ers, or kids who grew up in America in the '70s and '80s, Atari is a cultural icon, an intrinsic part of childhood," says Scott Steinberg, tech analyst and author of "The Modern Parent's Guide to Kids and Video Games."

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"Pong," he adds, was in some ways the very first social video game, one designed to play in bars, at home or at an arcade, while spectators crowded around to watch the action.

Launched in 1972 from Atari's Silicon Valley headquarters, "Pong" featured a basic black-and-white screen (that's black and white only, no shades of gray here), divided by a dotted line. Short white lines on either side stood in for paddles. Two players controlled them and tried to get a moving dot - the ball - past their opponent.

With "Pong," Atari introduced video games to the masses just as Apple and Microsoft ushered in the personal computer era by bringing computers to people's desktops in the 1980s.

"It makes me think that I am getting really old," says Nolan Bushnell, the co-founder of Atari. "I'm 69, which means I was 29 when I founded Atari. It seems really young in retrospect."

It doesn't take much effort these days to see 20-something entrepreneurs in technology. Mark Zuckerberg was just 19 when he started Facebook in his Harvard dorm room. But back in the early '70s, Bushnell said, "no one in their 20s started companies. In some ways it paved the way for Apple, Microsoft and those guys."

Bushnell said Atari succeeded early on because it nurtured ideas from its engineers and computer programmers.

"We dominated not because of our manufacturing and marketing prowess but because of creativity," Bushnell says. "The lasting legacy: That creativity is a real weapon. And in some ways Apple has shown that as well."

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Jobs was just 19 when Atari hired him as a technician, making \$5 an hour. He worked the night shift because many of his co-workers didn't get along with him and didn't appreciate his refusal to wear deodorant, according to Walter Isaacson's recent biography of the late Apple chief executive.

He wasn't there for long - he left the company in 1974 to travel to India and co-founded Apple two years later, in 1976.

Dona Bailey, one of the creators of "Centipede," recalls a notebook that Atari had with maybe 30 ideas for games in it.

"Most of them were laser games," says Bailey, who was the only female programmer in Atari's arcade division when she was hired in 1980 and when she left in 1982. "I wasn't really interested in war, or lasering anything, or violence."

The only ideas in the notebook that didn't have to do with "lasering things or frying things" were two sentences about a multi-segmented insect that walks out on the screen and winds its way down the screen toward the player, she says. There was implicit shooting, as the player at the bottom had to destroy the insect before getting hit by it, but "it didn't seem that bad to shoot a bug."

Thus, "Centipede" was born.

Atari, Steinberg says, pioneered a lot of the concepts that are popular in gaming today: Games should be for both men and women, and they should be social by allowing many people to compete with each other.

Atari "defined games as not just a product but a social movement," Steinberg says.

But there is a generational divide. For kids born in the '80s and later, Atari elicits a respectful nod as a retro video game icon at best - and a clueless shrug at worst.

"It may rise again, but it remains to be seen whether Atari's place is among retail giants (such as) Activision and Electronic Arts," Steinberg says, "Or in a future that is defined by its own past."

Activision, which now makes such hit games as "Call of Duty" and "Diablo III," was founded in 1979 by four disgruntled Atari game designers who wanted more recognition for their work.

As Activision's future rose, Atari's faltered. Having cemented video games as a form of mass entertainment, Atari was sold to Warner Communications Inc. in 1976 and began to pile up big losses.

Warner, now part of Time Warner Inc., discontinued the Atari 2600 and fired Bushnell, says Stephen Jacobs, professor of interactive games and media at the Rochester Institute of Technology in Rochester, N.Y.

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Meanwhile, several companies tried to capitalize on Atari's success, but flooded the market with terrible products. It was a gold rush, with little gold to be had.

Atari contributed to that decline in quality with "E.T. the Extra-Terrestrial," still considered one of the worst video games ever made - and that's being generous.

"They tried to push something out in six weeks," Jacobs says. "They pushed out a million units of a horrible game that they were sure was just going to be the bomb. And it ended up tanking Atari."

That was the Christmas of 1982. What followed is now referred to as the "great video game crash of 1983." People stopped buying video games.

Companies began collapsing and Atari was soon sold to a man named Jack Tramiel. Over the next decade, Atari made computers, a game console called Jaguar and a handheld game machine called the Lynx. None were hits.

Atari was then passed to the toy company Hasbro, then to Infogrames Entertainment, a French company that owns it today.

Recognizing the promise of mobile devices and its best-known titles, Atari today makes such phone games as "Centipede: Origins" and "Breakout Boost," a take on the game Steve Jobs worked on back in the day.

"The legacy is that Atari is essentially where it all began," says Jim Wilson, the company's current CEO.

So is Atari living off its legacy?

"To a certain point almost all entertainment companies are doing a bunch of living on their legacy. That's why we have 'sequel-itis' in triple-A games, movies, books," Jacobs says. "Why invest in new things when you can beat the old things to death and still make money out of them?"

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