

# Ouya looks to make a dent in game console market

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Ouya, maker of a bite-sized game console that runs Google's Android operating system, wants to take a bite out the video game triumvirate of Microsoft, Sony and Nintendo.

The console, which went on sale Tuesday for \$100, lets players try games for free before buying them, a selling point Ouya (pronounced oo-yah) CEO Julie Uhrman often makes to underscore that gamers who use consoles made by "the big three" can't test games before they spend as much as \$60 to purchase them.

"We are definitely disrupting the console market," Uhrman says. "I mean, there's been no startup that has had a meaningful impact on the market in decades, and we're the first. We offer something different."

So far, Ouya's pitch seems to be working. The underdog console had sold out on Amazon.com and on Target's website by Tuesday afternoon. It is available at other outlets, including Best Buy and GameStop.

The Ouya game cube measures about 3 inches on each side and hooks up to a TV set. The console comes with a single controller. Additional controllers cost \$50.

There are nearly 180 games available for Ouya, ranging from the likes of "Crazy Cat Lady" to the more established "Final Fantasy III" from Square Enix. The company says more games are on the way. There are also some non-gaming apps, such as online music service TuneIn Radio.

The games are sold through Ouya's storefront, not Google Play, the app store where people buy games for Android tablets and mobile devices. Pricing is left up to individual game developers; many games are in the single digits. "Final Fantasy" is an exception at \$16. Ouya takes a 30 percent cut from the game developers.

While you won't find "Grand Theft Auto IV" or the latest "Call of Duty" among the available titles, there are plenty of others from independent developers whose games may never make it onto the dominant consoles, Microsoft's Xbox, Sony's PlayStation and Nintendo's Wii.

"I don't think it's ever really going to challenge the big three, but it offers a lot to the more casual gamer," says Anthony Yacullo, a self-described "gadget geek" from Lawrenceville, N.J. Like thousands of other gamers and game developers, Yacullo already has an Ouya. He contributed at least \$95 to the company through crowdfunding website, Kickstarter.

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"When I'm out on the road for work and come home, I don't want to play 'Call of Duty,'" he says. Rather, Yacullo says he looks for games more like the ones on his phone — except he doesn't want to be staring at his phone.

That's where Ouya comes in. Still, the new console is unlikely to present a serious challenge to high-end consoles coming out from Sony Corp. and Microsoft Corp. later this year. Ouya lacks recent blockbuster games with high-end graphics. But at a fraction of the price (the Xbox One will cost \$500 and the PlayStation 4, \$400), it appeals to budget-conscious gamers, gadget geeks and those looking for an alternative to gaming power-trio.

Gartner analyst Brian Blau says the measure of Ouya's success will not be the number of consoles it sells but the amount of money game developers make —and whether there is a steady stream of new games for the device. What's missing now, he adds, is the big-name video game brands such as Activision and Electronic Arts supporting Ouya.

That could come later.

The project to build the Ouya console launched on Kickstarter last July. On Aug. 9, 2012, Ouya's funding period ended with \$8.6 million pledged, more than nine times the original \$950,000 goal its creators had set. More than 63,000 people donated, with 12 pledging \$10,000 or more.

"We brought it to Kickstarter because we wanted to know if anybody really wanted this," Uhrman says. "We had talked with developers and industry veterans like (video game designer) Brian Fargo and Ed Fries, who is one of the founders, basically, of Xbox, and there was a general feeling that there was a void in the market place for something. But we wanted to validate it."

This May, Santa Monica, Calif.-based Ouya received another \$15 million in venture capital funding from Kleiner Perkins Caufield & Byers, other VC firms, and chip maker Nvidia.

Ouya is not the first independent game console to attempt a challenge to the big three console makers. Four years ago, a startup called OnLive launched, offering games streamed over an Internet connection, similar to the way Netflix offers streamed movies and TV shows. OnLive's small game consoles went on sale for \$99 in 2010, but they never gained broad appeal or even made a dent in the traditional console market.

Another early backer, Pedro Amador-Gates, thinks Ouya should "not even go after the consoles," but rather appeal to hobbyists and do-it-yourself folks.

"This is like a baby system compared to an about-to-be upgraded gaming system," he says, referring to the Xbox one and the PS4. But, much like it was with the early cell phone games, "it will only get better."

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