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NEXT GENERATION

Leading edge computer and video games

January 1996

1996 Year of the Videogame

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Talks Back**
Tom Kalinske
declares war on
Sony's PlayStation

M2
3DO's super-
console
readies for
US launch

volume two

And you thought 1995 was cool.

The 64-bit videogames of 1996

are almost here. Are you ready?

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Namco's *Ridge Racer Revolution* is PlayStation's chance to strike back at Sega's awesome *Sega Rally*. More of the same will not be enough, as the battle between Sega and Sony continues apace. Page 98

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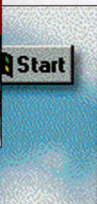


HOLLYWOOD: Why the movie moguls just *don't* get interactive entertainment



before the storm?

For most videogamers, 1995 was a year of anticipation. It was the year in which foundations were laid for the the real war to come. **NEXT Generation** looks back on the year that bore the 32-bit age



If the saying is true that a week is a long time in politics, then a year is a lifetime in the game industry. It's hard to imagine that just 12

months ago, there were no Saturns or PlayStations on US shores and that 32X was the hot new system on the block. Twelve months ago, Trip Hawkins remarked that "a lot of people don't believe Saturn will ever be marketed outside of Japan," while debate still raged within the industry as to whether Sony knew what the hell it was doing in the game business.

As any scholar of history knows, the best way to predict the future is to study the past. So with this in mind, **NEXT Generation** takes a look back at the events that shaped the year of 1995.



January



As the Christmas and New Year festivities fade, heads may be clearing but a cloud of claim, counter-claim, and complete bull still hangs over the next generation of interactive entertainment — making the industry's annual get-together at the Winter Consumer Electronics Show in Las Vegas an even bigger crap-shoot than usual (and, sadly, the emphasis ain't on shoot).

- **There's** no Sega Saturn, no Sony PlayStation, and no Nintendo Ultra 64. The revolution, it would seem, can wait.
- **Sega** spends the show desperately trying to convince the world that 32X is a priority. No one's convinced and a very lackluster software lineup does little to help its argument. Thankfully there's a little more going on behind closed doors where some impressive new Saturn software is being demonstrated.

- **Atari**, with no spectacular new Jaguar carts out front, also keeps its hottest new product out of the public eye, showing its cart/CD playing all-in-one Jaguar by invitation only.
- **Nintendo's** doors aren't just closed, they're locked and bolted. The firm's only comment on the next generation is that Ultra 64 is "coming on like a freight train, absolutely on schedule for a '95 launch." That's all right then. Meanwhile the firm tries hard to breathe more life into the Super NES, but titles such as *FX Fighter* and *Comanche* don't bring anything new to 16-bit in the way that *Donkey Kong Country* did in 1994. Nintendo does, however, show some new hardware, the 3D, desktop, what-the-hell VR unit, Virtual Boy. The trade is baffled. Not impressed, just baffled. Apparently Nintendo hopes to sell three million hardware units at a retail price of around \$200 in Japan during its first year after launch in April.

- **Away** from the show Acclaim buys Iguana (*NBA Jam*) while global rival EA buys European Development Team of the Year, Bullfrog (*Populous*, *Magic Carpet*, *Theme Park*) in a deal estimated to be worth about \$45 million. The year 1995 proves to be the year of the developer, as all major publishers realize that content is king and attempt to tie up as much talent as possible in a series of acquisitions that make the industry a much more "corporate" place to be, and make some individuals very, very rich indeed.
- **Panasonic** unveils a new slimmer and more attractive 3DO model, the FZ-10.
- **Meanwhile**, Sega shows it can still cut it as *Virtua Fighter 2* takes Japanese arcades by storm and a preview of *Sega Rally* is the star of the Nicograph trade show.

QUOTE OF THE MONTH:

"This industry is like a dysfunctional family, where everyone has been horribly abused." **Trip Hawkins**, The 3DO Company



April



M

ore concrete news from major players as Nintendo announces that the Ultra 64 will be launched in the US and Japan on November 21.

Once again, the fact turns out to be fiction. A pattern is beginning to emerge.

- **After** missing its winter holiday deadline Atari's Jaguar CD drive is now scheduled to be launched in June at \$149.

- **At** the Amusement Operators Union Show in Tokyo, Capcom grabs the spotlight with *Darkstalker's Revenge*, the follow-up to *Vampire Hunter*. Sega also impresses with the finished version of *Sega Rally* on show for the first time and a new, fast and

furios soccer coin-op called *Virtua Striker*.

- **3DO** outlines the tech-specs for M2. It claims that the 64-bit technology based on a PowerPC 602 RISC chip running at 66 MHz will be "up to 10 times more powerful than Sony's PlayStation." It hopes that at least one hardware licensee will launch an M2 machine later in the year. Evidence of any real activity remains thin on the ground and there is a strong temptation to

interpret the talk of a brave new tomorrow as a smoke screen for a pretty dismal today.

- **Nintendo** buys a 25% stake in Rare. The UK development team has been a prolific Nintendo supporter since the NES days and has produced about 90 titles for the manufacturer's sundry platforms. It is most

renowned, however, for *Donkey Kong Country* on the Super NES, now officially the fastest selling videogame of all time with worldwide sales of well over 7.5 million. No financial details of the deal are revealed but Nintendo's investment guarantees Rare's exclusive support of all its formats from the NES to Ultra 64 and even Virtual Boy. Baffling.

QUOTE OF THE MONTH:

"As sure as I'm sitting here, there is a startup in a garage somewhere that will be significantly more successful than anything out there. I have no idea whom it is right now, but it's out there."

Nolan Bushnell, founder of Atari



May

The phony war ends and the real battle begins as Sega pulls off the shock of the year, launching Saturn in the US on May 11, four months ahead of

schedule. Its arrival in 1,800 stores throughout the US and Canada is the talk of Electronic Entertainment Expo, the first US trade show dedicated to interactive entertainment which takes place in Los Angeles, CA. Initially Sega appears to have surprised its rival. Saturn retails at \$449 with *Virtua Fighter* or for \$399 as a standalone. Only five other titles are available at launch: *Daytona USA*, *Clockwork Knight*, *Worldwide Soccer*, *Panzer Dragoon*, and *Pebble Beach Gold Links*.

• **32X?** Forget it. Sega is suddenly in full Saturn mode and gung-ho with what it's sure is a serious opening in the war proper.

• **Sony** confirms that it will launch PlayStation on September 9 at \$299 with no bundled game — a *Ridge Racer* pack-in had been considered a shoe-in but now Sony sees price as a key. On the floor of E³ *Tekken* and *Destruction Derby* stand out.

• **Atari**, desperate to stay in the game and be seen as a big player, cuts the price of the Jaguar to \$149 and shows an "early working demo model" of the VR unit developed in conjunction with Virtuality. Cynicism about the firm's ability to deliver a decent product at \$300 isn't helped when the demo unit is exposed as Virtuality's own well-established arcade system covered in Jaguar casing.

• **Nintendo** scraps plans to launch the Ultra 64 in the US and puts forward April '96 as its new target although it remains unclear whether or not the firm is looking to hit Japan this year. At E³ the firm does show the cosmetics of the unit for the first time while explaining that the delay is in order to give developers more time to get to grips with the technology and to come up with a fuller and richer day-one support package. "We don't want to do a Sega," is what the sub-text reads.

• **Meanwhile**, the firm plugs away with the Virtual Boy (the industry remains baffled) and announces that *Killer Instinct* from Rare (previously thought to be heading straight to Ultra 64) will hit the Super NES for the 1996 holiday season.

• **3DO** President Trip Hawkins presents P2 to the industry and press at a New York conference, but the project remains vague.

• **Interplay** buys Shiny Entertainment, the development team set up by *Aladdin* creator Dave Perry, and which scored a hit with its first release, *Earthworm Jim*.

QUOTE OF THE MONTH:

"This is not a blue blood industry, and I don't think you need to have this long lineage of game history or game viability. This is a business that comes and goes!"

Steve Race,

Sony Computer Entertainment of America





June



A

fter the excitement of E the focus moves back to Japan where the Sony-vs.-Sega battle is more intense than ever. First Sony announces plans

for a "new" PlayStation. It's actually the original unit minus S-video output but it will sell at ¥29,800, 25% less than the "old" offering. At the same time the firm announces that sales in Japan have hit 1 million. Sega hits back immediately, dropping the price of the Saturn by 20% to ¥34,800 and claiming that its installed base is already up to 1.3 million. It certainly seems as if Saturn is slightly ahead but the momentum could be switching to Sony and its more consistent software support.

- Back to the US, Goldstar and Panasonic cut the price of their 3DO units to \$299.
- Nintendo announces an August 14 launch date for Virtual Boy. It will be priced at \$179.99 with *Mario's Dream Tennis* bundled and 11 other titles available.
- The entire industry remains steadfastly baffled.
- Leading-edge technology firm Lockheed Martin announces a PC-based 3D graphics accelerator Real 3D, even more powerful than even the biggest arcade boards.

QUOTE OF THE MONTH:

"We can now use [the Super NES and Genesis] as the doorstops they should have been years ago—I've always disliked them. As a designer I've despised them. Thank God they're gone."

Peter Molyneux, Bullfrog Productions



July



3

DO claims that the price drops on both Goldstar's and Panasonic's machines have had a major impact and that its hardware is now outselling Saturn by

as much as four-one. Sega dismisses the boast. Strangely, in the midst of the rivalry a rumor of possible collaboration between the two firms gathers strength. Sega is reportedly interested in licensing 3DO's M2 technology for use in its future next generation console. Sega denies the story, 3DO chooses not to comment.

• **Saturn** *Virtual Fighter 2* is shown at the Omacha Tokyo Toy Show and looks stunning.

• **At** the same show, Bandai unveils a redesigned, sleeker, more attractive Pippin-based Power Player which looks like a Mac console but lacks software support.

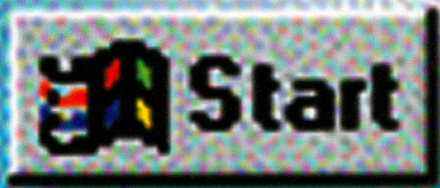
• **Microsoft** signs up nine Japanese firms to a new division called Gamebank dedicated to Windows 95. Luminaries such as Namco, Capcom, Taito, SNK, and Takara will pass on the rights to their arcade and console titles to Gamebank which will then develop and market Win 95-specific versions of their games.

• **Virtual Boy** launches in Japan and meets with a muted reception. Bafflement, even.

QUOTE OF THE MONTH:

"If Sony comes in at \$299 or \$249 then we'll do whatever we can to have the US International Trade Commission go after them. That's what's called dumping. And it's against the law."

Sam Tramiel, Atari



Ultra 64 development systems finally reach Nintendo's "Dream Team" but the news of progress is marred by rumors of a rift among the third parties caused by only Acclaim, Virgin, and Williams being granted full publisher status.

- **There's** also trouble at Sony Computer Entertainment America as President Steve Race quits. No one is quick to come forward to explain — and no one denies the rumor that his departure is the result of bitter in-fighting between different Sony divisions over PlayStation pricing policy.
- **The** Viacom group announces plans to sell its media group. Spelling but reveals it will be retaining Virgin Interactive Entertainment, highlighting the firm's importance within Viacom's overall strategy.
- **Microsoft** launches Windows 95 complete with multimillion dollar marketing campaign. There's carping about just how much of a step forward the new system really is but one million units are shifted around the world in just four days and the 50 million-plus sales target in the

first year looks like being reached.

- **The** battle for arcade supremacy between Sega and Namco goes on as Sega unveils *Indy 500* and Namco previews *Rave Racer* — the follow-up to *Ridge Racer 2*.
- **Meanwhile** Sega announces details of its first ever move away from its own platforms. Saturn games will be released on the PC to run in conjunction with NVIDIA's Diamond 3D accelerator card.
- **Yet** another digital video option emerges as Toshiba and Time Warner join forces to promote the Super-Density Digital Video Disc (SDDVD), a format capable of storing 142 minutes of video (or more than 280 on a double-sided disc) with a rewritable version available.
- **Virtual Boy** is launched at \$179.95. "Baffled" seems to sum up consumer reaction rather nicely.

QUOTE OF THE MONTH:

"I think it would have been a mistake to rush [Ultra 64] to market. In this business you only get one cut at it, and I think gamers are very conscious of the quality of the software."

Howard Lincoln, Nintendo

August

ng special 1995



F

ollowing Acclaim's purchase of Iguana earlier in the year the previously marketing-led company underlines its commitment to

development with the purchase of Europe's Probe Software and US team Sculptured. Probe is the biggest independent development resource in the world and Acclaim is rumored to have fought off a strong challenge from EA for the firm. Sculptured produced many of the versions of *Mortal Kombat 1* and *2*.

- **Nintendo** cuts the price of the (wait for it) baffling-as-ever Virtual Boy from \$179.95 to \$159.95. Bargain? Hmm...

- **Sega** of America's President Tom Kalinske hits back at reports of Sony running away with the US market. He claims the firm exaggerated its opening weekend sales (ie lied), that Saturn sales have gone well past 120,000 while PlayStation may be hitting that figure around now.

- **Sega** cans the Neptune, realizing the price of the machine would be too close to Saturn to tempt many and is also wary of diluting its Saturn marketing message.

- **3DO** gives up the hardware battle, selling the rights for its M2 technology onto Matsushita (the parent firm of Panasonic) in a deal worth more than \$100 million. An M2 machine will emerge next year backed by the largest electronics manufacturer in the world (yes, bigger than Sony) as 3DO concentrates on software.

- **Atari's** deal with Virtuality to produce a Jaguar VR collapses. No firm explanation is offered but Virtuality denies there is a problem with the product and begins pitching the unit to other manufacturers.

QUOTE OF THE MONTH:

"I, personally, could never really care enough about the Princess Zelda to spend the 40 hours I needed to spend battling through the forest in order to rescue her."

Tom Zito, Digital Pictures



October