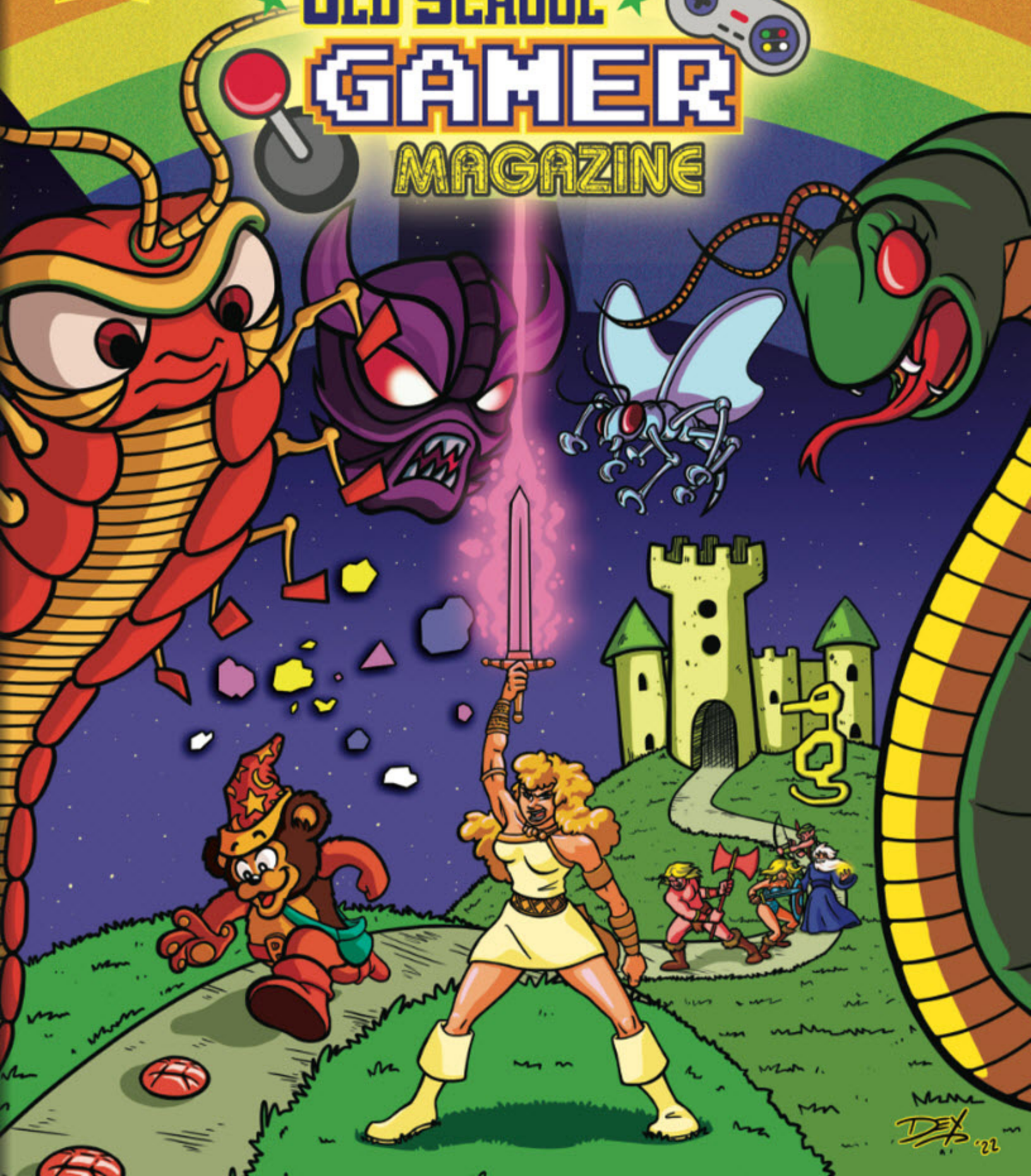


NOVEMBER
2022

ISSUE
#31

★ OLD SCHOOL ★
GAHER
MAGAZINE



NAME
DEX '22



INNOVATIVE LEISURE

A HISTORY OF ATARI

By Leonard Herman

In the past half century that the videogame industry has existed, only one company has best exemplified the industry itself: Atari. After all, it was Atari that created the industry. At one time the word Atari acted as a synonym for videogames. Remember "Have you played Atari today?"



In 1979, seven years after its birth, Atari was the fastest growing company in American history. Five years later it all came tumbling down... yet Atari has held on. Although Atari is still in business

today, it is not the same company that created and dominated the videogame industry for many years. Still, the DNA of that original company exists within the one that exists today.

The rollercoaster, legendary story of Atari began in the late sixties when two engineers, Nolan Bushnell and Ted Dabney, met and shared an office at Ampex, a company best-known for developing magnetic audio and video tape. Bushnell's background included a stint in college working the midway of an amusement park. This made him familiar with

the mechanical arcade machines that lined it. He was also an avid player of the ancient Chinese game *Go* and after he began working at Ampex he joined a *Go* group at nearby Stanford University where

he witnessed a demonstration of the computer game *Spacewar* that was played on one of the

University's AI lab's PDP-11 mini-computers. After that he envisioned a *Spacewar*-like game joining the mechanical games that he was familiar with in an arcade. He proposed his idea to Dabney and the two of them began developing such a machine in their spare time.

After months of discussion, they modified a TV so it could simulate address programming and displayed what looked like a spot of light moving across the screen.

After initially experimenting with computer time-sharing, Bushnell and Dabney soon realized that that method was too expensive to be practical for their project. They soon figured that they could build cost-effective computer games using ordinary off-the-shelf integrated circuits. They knew they were onto something so Dabney relocated his young daughter Terri from her bedroom to the master bedroom so that he and Bushnell could use her room as a workshop. They set up an official partnership that they called Syzygy, which meant "the straight-line configuration of three celestial bodies".

Their plan for the Syzygy Company was to design TV games that other companies would license, manufacture, and distribute. In early 1971, Bushnell met Bill Nutting, owner of Nutting Associates, a manufacturer of mechanical coin-operated arcade games. Nutting liked the game concept and licensed the rights to manufacture and distribute it. Nut-



That's Dabney on the left and Bushnell on the right.

and Dabney decided to manufacture and distribute the game themselves. Atari shipped its first *Pong* consoles at the end of November 1972 and it was such a success that by the end of December the company employed forty people.

In February 1973, Bushnell bought out Dabney's share of Atari, giving him majority control. Dabney remained with the company but only as the Vice President of Production Facilities overseeing manufacturing.

In April 1973, Midway, a subsidiary of Bally which had rejected *Pong*, actually licensed the game from Atari and released it as *Winner*, but *Winner* wasn't the only ball and paddle game that began appearing in arcades. Other companies began making their own versions of *Pong*, without licensing it from Atari. Among them was Nutting Associates, whose version was called *Computer Space Ball*.

Atari didn't sit on its laurels and continued to develop new, unique games. They expanded on *Pong* with games like *Pong Doubles* (four-player *Pong*), *Quadrapong* (four-player *Pong* with goals on all four sides of the screen), and *Super Pong* (*Pong* with variable ball speeds, angles and three paddles vertically aligned for each player). The *Pong* name was also used in games that weren't related to *Pong*, such as *Pin Pong* which was actually video pinball. Atari also released new games that were not based on *Pong* at all. *Gotcha* was a maze game where one player had to chase another. In *Space Race* two players raced each other to get their ship to the top of the screen first while avoiding meteors. And in *Gran Trak* 10 players used an actual steering wheel to race their car around a track.

Bushnell wanted all distributors to carry his games. That wasn't a problem in small towns that only had one distributor, but large cities might have two distributors and because of exclusivity practices that

had been in place since the pinball days, two distributors within the same geographical territory could not represent the same manufacturer. However, the arcade or bar owner could only do business with one distributor. If they wanted to lease an Atari game and Atari wasn't signed with their distributor, the business was out of luck. If their distributor didn't carry the mega-hit *Pong*, they leased the *Pong*-clone that was available from their distributor. Bushnell found this practice abhorrent and set out to do something about it.

On October 1, 1973, Bushnell formed a new company, Kee Games, to take care of the distributors who couldn't buy from Atari. The two companies were completely autonomous to the point at which they had their own separate research departments. During the first half of 1974, Kee Games released three new games that were all knockoffs of Atari games. Kee Games introduced its first original game in November 1974. *Tank* featured two combat tanks that had to navigate through a maze while avoiding land mines, in an effort to shoot at each other and amass points. The graphics in *Tank* were more detailed than in prior games because it utilized ROM chips to store the addresses of the graphics.

Tank was so popular that distributors who weren't doing business with Kee Games requested to purchase it. Atari, which needed a hit game in order to generate much-needed cash, could have released *Tank* with a different name but Bushnell realized that such a game would have been perceived as a *Tank* knock-off. So, Bushnell "merged" Kee Games with Atari. Following the merger, Kee Games became an official subsidiary of Atari and continued to release its own games.

In 1974 Al Alcorn asked an Atari engineer named Harold Lee to create *Pong-On-A-Chip*, an integrated chip that the entire game would reside on. While doing so, assisted

by another engineer named Bob Brown, Lee came up with the idea of producing *Pong* units for the home that would play on everyday television sets. Initially, most of Atari's top management were against entering the consumer market because they felt that Atari's cash, which thanks to *Tank* was only starting to become manageable, would be tied up in inventory that would only sell primarily at Christmas. They also worried because Atari knew nothing at all about distributing consumer goods, but Nolan Bushnell thought that a home version of *Pong* was a good idea, and he gave Lee the go-ahead. The game that the home *Pong* unit played was exactly the same as the arcade version, right down to the sounds and on-screen scoring, a feature that the Magnavox consoles lacked.

Al Alcorn showed the prototype for the unit at the American Toy Fair in New York in February 1975 but few toy buyers were interested. They next contacted the toy buyer



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belief that a computer version of tennis might sell alongside the real thing. The sporting-goods buyer, Tom Quinn, agreed with them. Quinn offered to buy all the *Pongs* that Atari could put together. When he was told that they could only manufacture 75,000 units, he told Bushnell to double the production,

soles throughout 1976: *Super Pong* and *Super Pong Ten*. By 1977 Atari (and Sears) also released consoles that had nothing to do with *Pong*. In *Stunt Cycle*, based on the Atari arcade game of the same name, players had to rev their on-screen motorcycles using controllers that resembled motorcycle grips and

tirely new system. In Grass Valley, 57 miles northeast of Sacramento, was an Atari-owned company called Cyan Engineering. Inside an Atari engineer named Joe Decuir had been working on this project, codenamed Stella after the name of Decuir's bicycle, since December 1975. In 1976, Atari brought in Douglas Hardy who had been an engineer with Fairchild Camera and Instrument, a company that was developing a similar type of console. Fairchild Hardy had helped initially design the cartridges used by their system. Hardy and James Asher designed the cartridge used by Atari's system and were careful not to step on Fairchild's patents.

Fairchild released its Video Entertainment System (VES) in November 1976. Like the dedicated systems that came before it, the VES had two built-in games, but new games could be purchased on long yellow cartridges that resembled the audio 8-track cartridges, which plugged into a slot in the console.

Atari knew that it had to get its Stella project to market in order to compete against this apparently superior product. The problem was that Atari couldn't afford to do so.

and that Sears would finance it. In return, Sears wanted to exclusively sell the game throughout 1975 as well as pay for all of the advertising and assume complete control of distribution.

Sears sold *Pong* under the Tele-Games label in its 900 stores across the United States. Thanks to this deal, Atari sold \$40 million worth of *Pongs* in 1975, netting the company three million dollars. The Sears *Pongs* were the hottest toys during the 1975 Christmas season.

In 1976, Atari began selling *Pong* consoles under its own name in stores other than Sears, while Sears continued to sell them under the Tele-Games label in its stores. Atari improved on the product throughout the year, which resulted in the release of several additional con-

soles throughout 1976: *Super Pong* and *Super Pong Ten*. By 1977 Atari (and Sears) also released consoles that had nothing to do with *Pong*. In *Stunt Cycle*, based on the Atari arcade game of the same name, players had to rev their on-screen motorcycles using controllers that resembled motorcycle grips and

Atari even released a non-video unit during this time. *Video Music* was not a game. It hooked up to an audio stereo system and a standard television and displayed colorful patterns and shapes in sync with the music. However, the writing was on the wall for dedicated consoles that only played a few built-in games. People quickly tired of the games after a few plays and no one was anxious to spend more money to replace them with systems that they would tire of just as quickly. Atari realized that they needed to create a console that could play new games without purchasing an en-

While it was increasingly making money from the arcade games and home consoles that it was producing, they didn't have enough cash to pay for the production and distribution of this new system. They found themselves in the same type of quandary that they were in when they tried to launch the home version of *Pong*, but now the costs were too high to hope that a company like Sears would step in and pay for everything. In Bushnell's mind there was only one thing that he could do and that was sell the company. 