Down From the Top of Its Game

The Story of Infocom, Inc.

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Outline of Presentation

- Founding and Background
- Technical Achievements
- Selling Games
- Financial Success
- Transition to Business Products
- Problems in Transition
- Conclusions
Founding and Background

- Dynamic Modeling group at LCS
  - Created Zork for mainframes
- Original intentions
  - Keep people together
  - Make serious software for PCs
  - Launched Zork to get started
Infocom’s Board of Directors

From left: Marc Blank, Joel Berez (President), Al Vezza, J.C.R. Licklider, Chris Reeve
Company Culture

- Fun, humorous group
- Young and funky

“...a level of 28 mg of Budweiser Beer was also noted. This is equivalent to a goldfish drinking eighteen six-packs in a seven minute period.”
Technical Achievements

- Better English parser
- The Z-machine
  - Made games compact
- System of development
  - MDL → Platform-independent byte-codes
  - Efficient and cost-effective
Selling Games

- Released *Zork* in 1980 for TRS-80 Model I
- Spawned sequels, *Deadline*, *Starcross*, more
Why were games fun?

- “Understood” many English sentences
- Vivid stories, characters
- Demographics
Self-publishing
Marketing and PR

Discover, March 1984
WE STICK OUR GRAPHICS WHERE THE SUN DON'T SHINE.

You'll never see Infocom's graphics on any computer screen. Because there's never been a computer built by man that could handle the images we produce. And there never will be.

We drive our graphics from the limitless images of our imagination - a technology so powerful, it makes any picture that's ever come out of a screen look like garbage by comparison. And nobody knows how to achieve your imagination like Infocom.

Through our process, your imagination makes you part of one adventure, to control what you do and where you go - yet unable to predict or control the outcome of events.

You're confronted with situations and logical puzzles that force you to find a solution. And you're immersed in rich environments filled with personalities as well. And you'll meet in the flesh - all the more real because they're revealed directly by your mind's eye, not through your external senses. The method? It's magic! We've found the way to play your game night into your mind, and create you in a whole new dimension.

Take some tough critics' words about our works. SOCIAL, for example, called 19000? ITS PROSE.
TV

CBS Morning News

Marc Blank
(The Witness)
## Infocom Rockets to the Top

### Infocom's Sales (1981-1984)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>0</td>
</tr>
<tr>
<td>1982</td>
<td>4,000,000</td>
</tr>
<tr>
<td>1983</td>
<td>8,000,000</td>
</tr>
<tr>
<td>1984</td>
<td>12,000,000</td>
</tr>
</tbody>
</table>

### Infocom's Best Selling Games (1981-1984)

<table>
<thead>
<tr>
<th>Date</th>
<th>Best Selling Games</th>
</tr>
</thead>
</table>
| December 1983 | Zork I (Infocom), Lode Runner (Broderbund), Zaxxon (Datsoft), Choplifter (Broderbund), Frogger (Sierra On-Line), Deadline (Infocom), Zork II (Infocom), Ultima III (Origin Systems), Snoopin Troops #1 (Sparhawk), Temple of Apshai (Epyx), Zork III (Infocom), Witness (Infocom), Knight of Diamonds (Sir-Tech), Telengard (Avalon Hill), Ultima II (Sierra On-Line), Ft. Apocalypse (Synapse), Enchanter (Infocom), Blue Max (Synapse), Miner 2049er (Micro Lab), Pitstop (Epyx), Suspended (Infocom), Sargon II (Hayden), Millionaire (Blanchard), Starcross (Infocom), "Night Mission" Pinball (Sublogic), Infidel (Infocom), Flight Simulator II (Sublogic), Pooyan (DataEast), Murder by the Dozen (CBS Software), Sargon III (Hayden), Popeye (Parker Brothets), Star League Baseball (Garrenstar), Shamus (Synapse), Star Trek (Seija), }
Shift to Business Products

- Original intentions
- Status
- Diversify products
- Monetary advantages
  - Higher profit margins
  - Consistent revenue stream

“We didn’t want to be a $10 million company. We wanted to be a $100 million company.”

-Tim Anderson
Cornerstone is Born

- **Cornerstone**: relational database
- Idea of two members from LCS
- Work starts in 1982
Transition to Business Software

- Changes in management
  - New CEO: Al Vezza
- 32 to 100 employees in 1984
- New, expensive office building
- Sought outside funding

Al Vezza
Trajectory of Growth

Infocom Game Sales (1983-1985)

- Actual
- Projected

Year

1983 1984 1985

Dollars

0 4,000,000 8,000,000 12,000,000 16,000,000

INFOCOM™
Trouble Arises

- Costs up, revenues flat
  - Sales projections off
  - Inadequate funding

- Clashes within company
  - Game profits → business division
  - Games vs. business work styles

- Morale sank
Cornerstone Released in 1985

- Easy to use
- Not programmable, slow
- $1.8 million in sales
Struggling to Make it

- Debts
  - Lost over $4 million in 1985
  - Bank called in loan
- Cut costs
  - Layoffs
  - Cornerstone axed
Activision Merger (1986)

Jim Levy (left) and Joel Berez (right) celebrating “InfoWedding” for Activision merger
Continuing Problems

- Losses of $200,000/quarter
  - Increased competition: Nintendo, Sega, graphics
- Infocom dismantled in 1989

Rise of Nintendo, graphics
Reasons for Success

- Games: right products at the right time
  - Demographics matched products
  - Graphics in infancy

Mystery House, 1980
Ultima II, 1982
Reasons for Success

- Company culture excelled at making games
- Good marketing and public relations
Text vs. graphics

WOULD YOU SHELL OUT $1000 TO MATCH WITS WITH THIS?

MEET YOUR MATCH. MEET INFOMCOM GAMES—PERHAPS THE NEXT REASON IN SOFTWARE FOR OWNERSHIP OF A PERSONAL COMPUTER.

In fact, people have been known to purchase computers and disk drives solely for the purpose of playing our games. And they haven’t been disappointed. Because Infocom’s prose stimulates you imagination to a degree nothing else in software approaches. Instead of putting fancy little creatures on your screen, we put you inside our stories. And we confront you with startlingly realistic environments filled with situations, persons, and objects. And logical puzzles the like of which you won’t find elsewhere. The secret? We’ve found the way to plug our prose right into your imagination, and conjure up a whole new dimension.

If you think such an extraordinary experience is worth having, you’re not alone. Everything we’ve ever written—ZORK I, II, and III; DEADLINE; STARBURST; and SUSPENDED—has become an instant bestseller. For the simple reason that Infocom offers something so rare and valuable as anything in software—real entertainment.

At last, you can follow your own dreams playing a computer game without feeling like you’re forcing your own computer investment.

Sign up to Infocom. All words. No pictures. The secret reaches of your mind are beckoning. A whole new dimension is in there waiting for you.

INFOCOM

The next dimension.

Infocom, Inc., 55 Wheeler St., Cambridge, MA 02139
Reasons for Failure

- Engineering culture resisted graphics
- *Cornerstone*: wrong product, wrong time
  - Performance and functionality
  - dBASE III
- Lack of finances
  - Spent money didn’t have
What Can We Learn?

- Business Lessons
  - No universal strategy for success
  - Buy time to improve and refine new products

- Success and failure not simple!
Thanks to...

Tim Anderson, Joel Berez, Brian Berkowitz, Marc Blank, John Brackett, Scott Cutler, Bruce Daniels, Mike Dornbrook, Stu Galley, Dan Horn, Richard Ilson, Barry Jacobson, David Lebling, Steve Meretzky, Mike Morton, Chris Reeve, Al Vezza, Richard Weissberg
Game Over