

Game Startups SuperSecret and Playdom Show Strength in Weak Economy

Scott Duke Harris, *San Jose Mercury News*
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Today's dispatch comes from the front lines of a business battlefield where digital superheroes, mobsters, space aliens, vampires, meter maids and sorority sisters are struggling to win hearts, minds and money.

Stepping up their games are two Silicon Valley startups: SuperSecret, targeting the "tween" crowd, and an even stealthier Mountain View outfit called Playdom, whose founders include two graduates of Palo Alto's Gunn High School, one of whom was a 12-year-old tween himself when he first coded a "Space Invaders" knockoff.

Now Dan Yue, a 25-year-old member of Gunn's class of 2001, is able to tell people a bit more about what he's been doing with his life. His standard answer for the past year was "an Internet thing."

"Most people would kind of lose interest," he said.

Now Yue can tell folks he is the co-founder and chief executive of Playdom, a company that has created some of the most popular games on MySpace. A recent tally by MySpace credited Playdom with three of the top four games: "Mobsters," "Bumper Stickers" and "Own Your Friends." It also had eight of the top 25 applications, including "Bumper Stickers," "Poker Palace," "Kiss Me," "Heroes," "Sorority Life" and "Rockstars." "Sorority Life," "Poker Palace" and a new game called "Bloodlines" are also on Facebook, with more in the works.

The Internet games business has shown remarkable vitality amid the economic wreckage, as players and money flock to destination sites, social networks and apps for the iPhone and other mobile devices. The industry is gearing up for major conferences in San Francisco later this month.

While Playdom is a self-funded, bootstrapped venture, SuperSecret announced it had secured \$10 million in venture funding. Meanwhile, a Palo Alto startup called TwoFish reports that it is getting traction with its "virtual economy data platform" that is said to help maximize revenues for social and casual games.

The quest for inexpensive entertainment has players willing to spend small amounts of money on things like digital gifts or greater powers in the game environments. "Conspicuous consumption" is still popular among avatars, said Playdom co-founder and Chairman Rick Thompson, whose previous startups include successes FlyCast Communications and Adify.

Stealth has been key to Playdom's own strategy in competing with such relatively high-profile, venture-capital-backed Internet companies as Slide, RockYou, Zynga and Flixster.

Operating from a Mountain View office with the moniker "YouPlus" on the door, the year-old startup has quietly grown to 35 employees. Yue and fellow founder Thompson said their company is only now marketing itself, as opposed to launching products, because it anticipates dramatic growth in 2009, perhaps tripling its work force.

The son of a computer scientist, Yue was 12 when, with his father's guidance, he coded his first "Space Invaders" knockoff. At Gunn High, he became pals with fellow gamer Chris Wang, another co-founder. A fourth co-founder in Playdom is fellow gamer Ling Xiao, a classmate of Wang's from the University of California, Berkeley.

Yue came out of Swarthmore University to be Thompson's first employee at Adify, a startup that was acquired by Cox Enterprises for more than \$300 million last year before the crash. During the dot-com boom, Thompson had a big score with FlyCast Communications, which had a lucrative public offering and later was acquired by CMGI. Playdom was launched without the need for angel investors or venture capital, which allowed it to pursue its stealthy posture until now.

Another key to its success, Thompson said, was a strategic decision to focus on MySpace, part of Rupert Murdoch's News Corp. empire, before turning to Facebook, the Palo Alto company that has much more cachet among the tech crowd. While Facebook claims more than 175 million users globally, MySpace is ranked second and still claims a narrow lead in the U.S.

He recalled his pleasure in attending a gaming conference in Seattle where a panel of speakers advised developers to focus on Facebook. "Glad I wasn't on that panel," Thompson quipped.

Meanwhile, SuperSecret, now backed with \$10 million, said it is rolling out "a new online social game for tweens who are ready to move on from Club Penguin or Webkinz, but are too young for World of Warcraft or Facebook." Parents, the company founders and backer say, will be able to trust SuperSecret.

Most tweens, after all, can't code their own games.