

Russians design blockbuster video games in Siberia woods

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Employees of Alawar Entertainment, a Russian video game development company, work in their office in Akademgorodok, a university town outside the Siberian city of Novosibirsk, on May 14. Alawar may be far from the world's best-known game manufacturers in Europe and the US but it is the creator of such best-selling games as "Farm Frenzy", "The Treasures of Montezuma", and "Robber Rabbits".

In a decrepit building in the wild woodlands of Siberia, young designers work on an online video game that will soon hit the global market.

They work for Alawar Entertainment -- a Russian company headquartered in the Siberian town of Akademgorodok, a leafy place created in Soviet times outside Siberia's main urban centre of Novosibirsk to nurture academics.

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While not as famous as Tetris -- created in the 1980s by Russian mathematician Alexey Pazhitnov -- Alawar's games have scored over 50 million downloads from [Apple Store](#) and Android Market.

A decision to go global rather than focus on the national market led to Alawar's success at its launch in the mid-1990s, when Russia was languishing in a devastating economic crisis that followed the Soviet empire's collapse.

"I was a student in Novosibirsk and with my friends we loved [playing video games](#)," recounted Alexander Lyskovsky, Alawar's 35-year-old chief executive whose initial job was tsunami modelling.

Few Russians then had a personal computer, he said, but "there was one in the university and we sat there every night to play."

They got their calling when a professor suggested they make a case study of video games and thanks to an oil businessman's sponsorship soon produced their first game for PC.

But Russia was hit by a devastating [economic crisis](#) in 1998 which forced it to devalue the ruble.

Lyskovsky and his friends opted to create Internet-based video games -- known as [casual games](#) -- to be sold in the United States for safe American currency rather than for depreciating Russian rubles.

Soon Alawar won international recognition and expanded its operations after attracting investment from Almaz Capital, a venture company based in Russia and the USA and specialising in ex-Soviet countries.

With an annual turnover of tens of millions of dollars, Alawar today has six studios throughout Russia and in Ukraine and also distributes hundreds of games from other Russian and foreign companies in the [United States](#) and Europe.



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-- 'Silicon Forest' ---

Akademgorodok -- which in Russian translates as "little academic town" -- may seem an unlikely location for a multinational technology firm, with the regional centre Novosibirsk about a four-hour flight from Moscow.

Some 20 kilometres (12 miles) from Novosibirsk itself and built in the middle of the forest, Akademgorodok has a bucolic feel on the edge of the man-made Ob reservoir with the wind rustling in the pine trees.

Its researchers and academics led a somewhat privileged existence in Soviet times with better food and services than the rest of the population and the town earned a reputation for being relatively free thinking.

It fell on hard times after the collapse of the Soviet Union when the elite research system lost much of its state funding. However, the creation of venture capital-funded enterprises like Alawar has led to a revival and earned Akademgorodok the nickname "Silicon Forest".

Lyskovsky said there were huge advantages in running a business in Russia and especially Siberia, noting quality education and a cheap workforce.

"The farther away you go from Moscow, wages become more normal and one can create for reasonable money quality products," which would cost much more if made in Europe, he said.

As the market for smartphones and tablet computers grows steadily,

Alawar hopes to strengthen its positions at home and covets Asian and Latin American markets.

A recent study by J'son & Partners, a Russian consulting firm, said that in 2011 the [global market](#) for online games amounted to \$20.2 billion and is expected to reach \$26.7 billion dollars by 2013.

Russia's share of the US-dominated global market is currently only three percent.

But as online games is a profitable segment of the Internet business in Russia, the Russian market is to see rapid growth, the study suggested -- to \$1 billion dollars in 2013 against \$668 million in 2011.

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