



John Walker — The Fresno Bee

Conference time. Jerry Bowerman, left, head of research and development of Sierra On-Line, confers with software test engineer Robin Bradley.

Sierra On-Line is getting back on line

■ After some tough going, Oakhurst company is "back on the growth pattern."

By Will McClatchy
The Fresno Bee

The tumult in Oakhurst for Sierra On-Line is over, says Jerry Bowerman.

A tight focus on game software and improved financial performance should allow the firm to recruit new graphic artists and computer programmers over the next year, said the 27-year-old general manager at Sierra's Oakhurst operations.

The originator of computer games 15 years ago and the dominant maker during the 1980s, Sierra has suffered five years of spotty financial performance, management turnover, layoffs, and relocations. Competitors are stronger than ever, and some believe the company may never recapture its dominant industry position. Bowerman, however, foresees better times ahead.

"We are back on the growth pattern," said Bowerman. "It's been a tough process."

"At one point [in 1992] we

had 450 people here," he said. "There are now about 110 employees in research and development and 80 or 90 in production."

A round of layoffs in 1992 affecting 30 to 40 employees was followed later that year by the relocation of corporate headquarters to Seattle, which affected 130 sales, marketing and corporate staff. Only about 15 percent of those accepted relocation, said Bowerman.

"There was an unsettling fear that the whole division was going to be shut down," he said, but that never was the intention and now morale is picking up, he said. The firm expects to hire about 30 new game designers this year.

Although Sierra posted a second-quarter loss of \$600,000 earlier this month, its financial performance has been improving. Its losses shrank from \$6.3 million for the fiscal year ended March 31, 1993, to \$1.8 million in March of 1994. Most important, its core software publishing business is profitable and its revenues grew at 28 percent during that period.

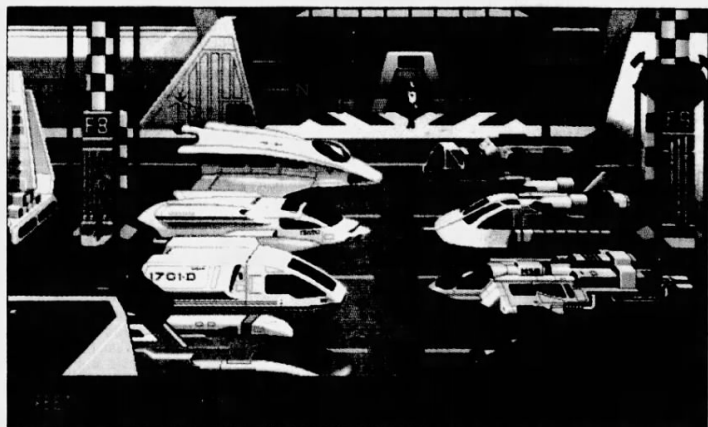
Last week Sierra

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Game stuff. This is one character that's part of Sierra's game line-up, Space Quest, a humorous space adventure. For the Christmas season, hopes are high for another game, King's Quest VII, the latest episode of a proven adventure game series.

Special
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Adventure ahead. These airspace vehicles are part of Sierra's Space Quest adventure game series.

Gameware: Company getting back on line

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strengthened its position with the \$40 million sale to AT&T of ImagiNation Network, a much-heralded interactive multiplayer network. Despite its strengths it was a severe cash drain, and the move is expected to put Sierra firmly into profitability. David Farina, a securities analyst at William Blair & Co. in Chicago, noted that accounting rules have allowed Sierra to charge some of the network's losses directly to earnings. Now with the network gone Sierra will be able to focus on its strength, creating leading edge games, he said.

"Sierra has a great lineup of products," he said. "The problem is whether they will ship [them] on time."

Some recent products have shipped late and with malfunctions, according to sources inside and outside the company.

For the Christmas season, hopes are high for King's Quest VII, the latest episode of a proven adventure game series, due out at Thanksgiving.

Mark Seibert, producer of the game, said, "We're making this a lot more oriented to first-time users. My daughter is 3 and when I go home she says, 'Daddy, can we play King's Quest?'"

Also coming out in February is Phantasmagoria, a horror game with real-life video characters and state-of-the-art animation backgrounds.

Costly turnover

"All the effects are movie-style effects," said Mark Hood, Phantasmagoria's producer. Professional actors, Hollywood masks and live stunts were used to stage the video portion at Sierra's recording studios in Oakhurst.

But one Sierra insider said that employee turnover cost dearly for a company that was the clear leader in game software during the 1980s.

"Overall I don't think there was the buzz that there was a few years ago," said a former research and development team

leader who spoke anonymously. "I don't think they are on the cutting edge."

The relocation of 130 corporate staff, which amounted to a layoff notice for those who didn't want to relocate, didn't help matters, the source said.

"If you don't know who your boss will be in two weeks or you don't know if you will be fired, it makes for an unstable atmosphere that is not people friendly," said the source. "I really think they made an effort to be good to their people, but from a purely structural point of view, there was so much turnover that you couldn't have any continuity in any department."

Casualty list

The list of casualties in recent years includes executive vice president Richard Gelhaus, who came from Safeway Manufacturing, and more recently division president Jim Thomas, an executive with entertainment software experience who left this July after less than one year because of continued restructuring.

Like some of the short-lived executives preceding him, Bowerman has no experience in software development, sales or marketing or in entertainment products. The former investment banker said he has already influenced significant decisions on creative strategy, including the cancellation of a major game just prior to shipment.

Unlike some of the high-powered executives preceding him who were charged with numerous functions, Bowerman is responsible only for research and development and maintaining a stable work environment in which creative game designers can explore their dreams. He served briefly as assistant to Sierra Chairman and founder Ken Williams before being posted to Oakhurst.

Wearing sneakers and jeans to work, Bowerman fits in well in the casual atmosphere of Sierra's game design laboratories.